

EIGHT PAGES  
FROM SUNDAY'S  
**The New York Times**  
THE WEEK IN REVIEW  
INSIDE TODAY

# THE JERUSALEM POST

Vol. LII, No. 15738 Monday, October 22, 1984 • Tishre 26, 5745 • Muharram 27, 1405 IS230

Tomorrow at 5.25 pm. every Tuesday.  
In super comfortable Jumbo 747's.  
**Johannesburg**  
The easy way  
For details of our unique payment plan call  
your travel agent or 03-557759 03-557759  
THE DIFFERENCE IS IN THE DETAILS

## Debate on withdrawal due shortly

By HIRSH GOODMAN and ROBERT ROSENBERG  
Jerusalem Post Reporters

The government will soon hold a full-scale debate on the IDF's future in Lebanon, based on several alternative plans prepared by the general staff.

Sources told *The Jerusalem Post* last night that the chance of a partial withdrawal - i.e. a withdrawal only in the western segment of Southern Lebanon - is becoming "more realistic."

The sources stressed that there would be no withdrawal on the eastern front until agreement is reached with the Syrians in that area.

The tendency toward a partial withdrawal has grown over the past few weeks, given the refusal of the Lebanese government to enter direct high-level military talks on security problems in the south, and the seeming inability of the UN to define an expanded role for Unifil.

Security sources, however, are divided as to what is to be gained from a partial withdrawal other than the possible improvement in morale in Israel.

The IDF will be able to thin out its forces somewhat, but will still be forced to keep thousands of men in Lebanon; the IDF will remain deployed among over 300,000 Shi'ites in the south, and the confrontation line with Syria will remain intact.

Regardless of what decision is taken, *The Post* was told, it will not be implemented until at least the spring, and certainly not until the Americans try to bring about an overall solution in Southern Lebanon that would encompass Israel, Syria and the government of Lebanon.

One of the obstacles seen to such a solution is the refusal of Lebanese Premier Rashid Karamneh to incorporate the South Lebanese Army into the Lebanese Army, a demand Israel has said it will not drop.

The cabinet meanwhile learned yesterday of the 600th Israeli fatality in the Lebanon war as Prime Minister Peres defused a possible conflict with Industry Minister Ariel Sharon and the entire Likud faction inside the government coalition.

Sharon's weekend comments blasting what he called the Labour Party's intentions to hold talks with the Lebanese under the chairmanship of Unifil was refuted yesterday in the cabinet meeting by Peres.

(Continued on Page 2, Col. 7)



Histadrut Secretary-General Yisrael Kessar yesterday chairs session of the labour federation's central committee in Tel Aviv. (IIPA)

## 600th IDF soldier dies in Lebanon War

Jerusalem Post Reporter

SHAMIR. - Rav Tural (Corporal) Alon Tzur, the 600th Israeli soldier to die in Lebanon since the beginning of the Lebanon War 28 months ago, was buried yesterday in the cemetery of this Upper Galilee kibbutz.

Tzur, 30, died Saturday night of injuries suffered that afternoon when a rocket-propelled grenade was fired at his vehicle near the Zaharani bridge in South Lebanon.

Two other soldiers received shrapnel wounds in their legs in the same attack. They are being treated at Rambam Hospital in Haifa for "light to moderate" injuries.

Tzur married Niva Buler of Shamir about a month ago. The two had met in the Upper Galilee dance troupe.

Before going on reserve duty, he told his wife, "If something happens to me, bury me next to Benny," a

pilot from the kibbutz who died recently in an airplane crash during military training.

"Our kibbutz has suffered greatly at the hands of the terrorists, but this is too much. We must get out of Lebanon," said Meir Avni, the kibbutz secretary, whose daughter Edna was killed about 10 years ago in a terrorist attack on the kibbutz.

Speaking at Tzur's funeral, Avni said: "Lebanon has been a land that devours our sons for more than two years now. What are we doing there?"

"Rabia and Peres, you promised us that we'd get out of Lebanon," Avni declared. "Arik Sharon, where do you get the *hutzpa* to tell us with whom to negotiate and with whom not to? You don't like Unifil, but do you like fatalities every day?"

## Three enemy gunmen killed in South Lebanon

By MENAHEM HOROWITZ  
Jerusalem Post Reporter

METULLA. - Three enemy gunmen were killed and a fourth wounded and an Israeli Defence Forces soldier was lightly wounded in two clashes in South Lebanon Saturday night.

IDF soldiers waiting in ambush near Batr a-Shouf, north of Jezzine, saw a group of gunmen and opened fire on them, killing three. One IDF soldier was lightly wounded in the fighting.

In the second clash, an IDF patrol near Jezzine shot and wounded a gunman and took him prisoner.

The enemy gunmen were carrying Kalashnikov assault rifles, rocket-propelled grenades, and a Katyusha rocket.

IDF soldiers were attacked twice in South Lebanon yesterday, but

there were no casualties in either attack. In the first attack, light weapons fire was directed at an IDF patrol in the centre of Sidon. Later an IDF patrol in the Shi'ite village of Saksakiya was also attacked with light weapons fire. Both patrols returned fire.

The condition of two Israeli navy seamen wounded in a clash off the coast of Lebanon Friday night has improved, it was reported last night.

Samal Rishon (Staff Sergeant) Mark Dubrasky was shot in the leg and Rav Tural (Corporal) Meir Pasmido was shot in the shoulder in the exchange of fire, which began when the crew of their Dabur patrol boat aimed its spotlights at a suspicious rubber dinghy. The crew of the dinghy opened fire and the Dabur crew returned fire and destroyed the dinghy.

The IDF military command said Saturday that the gunboat killed two in the boat.

## Top French film-maker Truffaut dies at 52

PARIS (AP). - Francois Truffaut, one of France's leading film-makers, died of cancer yesterday at the American Hospital in the Paris suburb of Neuilly. He was 52.

For the past few months, Truffaut's health had been deteriorating and he began living a secluded life. His first film, *Les quatre cents coups*, (The 400 Blows), in 1959,

brought him immediate acclaim. What turned out to be his final film, *Vivement Dimanche* (Decidedly Sunday) was made in 1983.

Long-haired as the torch-bearer of the new-wave cinema, revolted against factory-made films and preferred to show the ordinary lives of ordinary people.

## Liberian official here

The Liberian defence minister, Major General Gray Allison, arrived at Ben-Gurion Airport yesterday and met with Prime Minister Peres in the afternoon. He will also meet with Defence Minister Yitzhak Rabin.

Allison arrived at the airport unnoticed. The news of his arrival was reported by the prime minister's office. (Itm)

## One alternative: Semi-dollarization Treasury considers 'anchoring the shekel'

By AVI TEMKIN  
Post Economic Reporter

The Treasury confirmed yesterday for the first time that it is considering a semi-dollarization plan that would peg wages and prices to the dollar while keeping the shekel as legal tender.

According to the ministry, the plan, which it calls "establishment of a permanent monetary anchor," is one of two alternatives for an accord with the Histadrut being considered by the Treasury. The other proposal is a packaged deal accord that would not peg the economy to the dollar, but would strive to gradually reduce cost and price increases along the lines of the plan drafted by the former Bank of Israel Governors Moshe Sanbar and Arnon Gafny.

The ministry also said that it will take three or four weeks before any decision is reached, and therefore all talk about a package deal soon is premature.

The ministry announcement means that Prime Minister Peres will not be able to present to the Knesset a comprehensive economic plan today, but will have to limit himself to a general survey of government policy and to a description of the steps taken until now to heal the economy. (Knesset re-assembles - page 3)

According to the ministry both plans would be accompanied by a cut in the budget of some \$500 million to \$1 billion, in addition to the \$1b. which the cabinet agreed to axe from budget in September.

The Treasury is busily weighing the anticipated effects of each alternative plan, and its evaluations are to be submitted to Finance Minister Yitzhak Moda'i. Preliminary estimates last night were presented by ministry director-general Emmanuel Sharon to Peres, Moda'i and Economics Minister Gad Ya'acobi. Sanbar and Gafny were present when Sharon made his presentation.

According to the Treasury, a further series of examinations both within the Treasury and with other ministries will be carried out. The results will be presented again to the ministers who will then choose one of the alternative plans.

Only them will the real negotiations with the labour federation begin, within the framework of the trilateral Economic Committee set up some weeks ago as a forum to discuss a package deal agreement.

Thus, the ministry calculates the package deal and the execution of the economic scheme will be decided by the end of the first week of November at the earliest.

The ministry also confirmed that it is anticipating the lay-offs of tens of thousands of civil servants, but said that this step will not create unemployment since these workers would be immediately absorbed in the private sector, particularly in export industries.

## Devaluation of 10-20 per cent possible

By AVI TEMKIN  
Post Economic Reporter

The Treasury is considering a devaluation of the shekel of 10 to 20 per cent, accompanied by an abolition of subsidies and other compensation for exports, government sources said yesterday.

The sources stressed that the devaluation would be carried out within the framework of a comprehensive economic plan that would include an additional cut in the budget of some \$1 billion.

It has been learned that the ministry plans to save some \$400 million on payments to exporters, as the devaluation would unify the exchange rate given to exporters and the exchange rate granted to depositors in Patam accounts.

Nonetheless, there is uneasiness at the ministry about the windfall that holders of Patam accounts will gain, and therefore it is planned to allow the public the option of making deposits only in fixed-period Patam accounts.

The second measure accompanying the devaluation would be a pack-

age deal between the government, the Histadrut and the private employers on taxes, prices and wages.

In the framework of such an accord the Treasury hopes to convince industrialists not to raise prices by the amount made necessary by the devaluation and at the same time to convince the Histadrut not to demand full compensation for the inflation due to the devaluation. With this the ministry hopes to control price hikes and eventually to bring about a drastic reduction in the pace of price increases.

## Kessar scores government inaction

By ROY ISACOWITZ  
Jerusalem Post Reporter

TEL AVIV. - Histadrut Secretary-General Yisrael Kessar yesterday attacked the government for its failure to come up with a comprehensive economic programme. At the same time, Kessar announced that contrary to past pronouncements, the Histadrut is conditionally prepared to accept wage reductions in the framework of a package deal on taxes, prices and wages with the government and the private employers.

Addressing a meeting of the alignment faction in the Histadrut, Kessar said that the government had yet to approach the labour federation with concrete proposals for a package deal. The economic steps already taken by the government had been merely reactions to public or economic pressure - and most had been of dubious value, he said.

Kessar said scornfully that it was natural that the government would blame its failures on the Histadrut. "For as long as the government does not know what it is doing, the finger will be pointed at us as the element

preventing the implementation of an economic plan," he said.

While emphasizing the Histadrut's willingness to enter a package deal, Kessar warned against the "illusion" that such an agreement would be a cure-all. The government, he said, had "latched onto the slogan" of a package deal, which in fact could only be one of the elements in a comprehensive programme for economic recovery.

Earlier yesterday, the Histadrut Central Committee drew up proposals to present to the government at the next joint meeting. Central to the proposals is the Histadrut's new willingness to accept a wage reduction, on condition that the manufacturers agree to absorb price rises and that workers be granted tax reductions.

The theory is that gross salaries (Continued on Page 2, Col. 4)

## Liberals rebuff Moda'i on negotiations

By ROBERT ROSENBERG  
Jerusalem Post Reporter

Finance Minister Yitzhak Moda'i was stymied yesterday by his own Liberal Party cabinet colleagues when he sought carte blanche for the ministerial negotiating team in the tripartite economic council with the Histadrut and the manufacturers.

After Liberals Avraham Shrair, Gideon Patt and Moshe Nissim firmly opposed Moda'i's proposal, Labour's Agriculture Minister Arye Nehamkin spoke against Moda'i's request, as did Yigael Hurvitz.

Instead, Moda'i, with help from Prime Minister Peres, got agreement from the cabinet for the six ministers to decide whether to bring decisions back to either the Ministerial Committee on Economics or to the entire cabinet. The six ministers are Peres, Moda'i, Gad Ya'acobi, Ezer Weizman, Ariel Sharon and David Levy.

All five opposing ministers argued that in such "fateful" negotiations, the entire cabinet must bear responsibility for any decisions and therefore must be party to the negotiating positions taken by the six ministers.

## High Court rules in Jewish terrorist trial:

## GSS knew nothing of attack plans

By DAVID RICHARDSON  
Jerusalem Post Reporter

Supreme Court Justice Aharon Barak has dismissed a claim by defence lawyers that the General Security Service had advance knowledge of the action planned by the accused Jewish terrorists.

And yesterday he ruled against releasing any of the secret material gathered by the GSS to advocates representing the 20 defendants in the Jewish terrorist trial.

Barak wrote, after wading through 67 files of intelligence gathered by the GSS since they commenced their investigation soon after the June 1980 attacks on the West Bank leaders of the Palestine National Guidance Committee, that he could not find material that would serve the interests of providing a fair trial and justify endangering the security of the state.

His decision narrows the scope of the arguments the battery of defence lawyers can present in the mini-trial on the admissibility of the defendant's statements to police, which continued yesterday behind closed doors in the Jerusalem District Court.

The lawyers petitioned the High Court of Justice a month ago contending that a ban issued by the defence minister on releasing most of the material gathered by the GSS compromised their clients' right to a fair trial.

Moreover they argued that the ban was issued without good faith since the GSS wanted to prevent the disclosure of the fact that it knew in advance of certain of the terrorists' alleged activities and did nothing to prevent them.

Barak found that in the conflict between the defendants' right to a fair trial and the preservation of the GSS's secrecy the latter interest prevailed in the case before him.

"The reason for the ban is not in the content of the intelligence gathered by the GSS but rather that by its release the methods used to gain it would be revealed," Barak wrote.

"The size of the GSS force deployed to uncover terrorism is not large," the judge continued in a strangely non-legal obiter in his judgement. "They also have few

resources. Often there is no choice but to resort to proven methods and tools already used in the past.

"In popular fiction and films new methods and tactics sprout like mushrooms after the rain. The reality is far duller and often there is no choice but to use a method which has perhaps already been revealed."

Barak dismissed the lawyers' contention that the GSS knew in advance of the organization's alleged activities. The investigation commenced some time after the June 1980 attacks on Palestinian leaders in the West Bank when the GSS began to collate information on possible perpetrators.

This was followed by the July 1983 attack on the Islamic college in Hebron. Nothing in the material gathered by the GSS indicated advance knowledge or even the supposition that there was the intention to carry out such an attack.

The final episode was the planned sabotage of Arab-owned buses in Jerusalem in April this year. In this regard there was information that indicated that some of the defendants were planning some violent action and on this basis the GSS deployed itself for further intelligence gathering and prevention.

As for the identity of the alleged perpetrators of the attack on the Palestinian leaders, Barak found that all of this emerged from the interrogation of the defendants themselves following their arrest, apart from information received in November 1983 about defendant No. 5 Yitzhak "Akale" Ganiram.

In court a GSS interrogator identified

(Continued on Page 2, Col. 2)

## CREDIT INTEREST ON CHECKING ACCOUNTS

THINK BACK

THINK IT OVER

THINK TWICE

Interest on your checking account is your absolute right. By the same token, few customers really object to our charging realistic commissions for our service. So we've started paying checking account interest, while also increasing our charges. It's practical, and it's fair. In fact, it's what banking's all about.



If your account maintains a balance of at least \$50 (in sheqels) for 3 consecutive days, you can now earn interest of 9% a month. The lowest balance during each 3-day period, up to a maximum of \$300, determines what interest you'll receive. Vital: Since your balances are calculated by us according to the sheqel/dollar rate on the FIRST DAY of each month, as the month progresses you'll actually be able to maintain progressively lower sheqel balances (in dollar terms) and still be able to earn attractive interest. The 3-day periods run as follows: 1st to 3rd of month, 4th to 6th, 7th to 9th etc. From time to time you may find us altering the rate of interest, but it will never fall below 40% of the interest paid by borrowers. These new arrangements apply to individuals, households, wage-earners, junior customers, soldiers, students and pensioners. Will you benefit? No need to think twice.

The benefits are real. Your balances, over \$50, need be maintained for only 3 days to earn interest. And, as we have explained, they can even drop lower than \$50 as the month proceeds. With our short-term sheqel deposit program (PAKAM), you have to lock up your funds for at least 7 days. So we're offering you more flexibility. However, if you expect your checking account balance to stay above \$300, we'd recommend PAKAM all the same.



ISRAEL DISCOUNT BANK



**Book Your Winter Holiday NOW**

Apply to  
**Palex Tours**

Head Office: Haifa  
59 Haatzmout Rd.  
Tel. 04-524254-5

## The weather at major Swissair destinations

21.10.84

	MIN.	MAX.	
AMSTERDAM	10	14	Cloudy
BRUSSELS	8	14	Cloudy
CHICAGO	17	26	Clear
COPENHAGEN	9	15	Cloudy
FRANKFURT	11	18	Cloudy
GENEVA	7	14	Cloudy
LONDON	12	18	Cloudy
MADRID	12	18	Cloudy
MILAN	12	18	Cloudy
MONTREAL	10	14	Cloudy
NEW YORK	10	14	Cloudy
PARIS	10	14	Cloudy
SAO PAULO	15	22	Cloudy
STOCKHOLM	10	14	Cloudy
TOKYO	10	14	Cloudy
TORONTO	10	14	Cloudy
VIENNA	10	14	Cloudy
ZURICH	10	14	Cloudy

\*For the latest weather conditions contact Swissair.

Offices in Israel:  
Tel Aviv: 41 Ben Yehuda St. (03) 2433 50  
Jerusalem: 30 Jaffa St. (02) 2252 33  
Haifa: 2 Shmueli Rd. (04) 8455 55

## swissair

### THE WEATHER

Forecast: Clear and dry.

	Yesterday's	Today's	Max
Jerusalem	14	15-22	23
Golan	12	13-22	23
Nabatieh	10	11-21	21
Safed	17	11-19	21
Haifa Port	13	18-27	28
Tiberias	23	16-29	30
Nazareth	10	11-21	21
Afula	23	13-28	29
Shomron	14	12-24	25
Tel Aviv	18	18-30	29
B-G Airport	21	19-29	30
Jericho	23	12-31	32
Gaza	32	18-28	28
Beersheva	12	16-28	29
Eilat	10	20-34	35

### In Memoriam

A memorial ceremony was held yesterday at Tel Shomron near Moshav Nahalal to mark three years since the death of Moshe Dayan. Ministers Arye Nehamkin, Yigael Hurvitz and Ariel Shalev, U.S. Ambassador Samuel Lewis, Moshav Movement secretary Amos Hadar and the IDF Chief Rabbi Aluf Gad Navon were among those who attended.

### ARRIVALS

Paul Zuckerman, member of the Jewish Agency Board of Governors and visiting Professor at the Hebrew University, Dr. Alvin and Betty Stern of Miami Beach, Florida, friends and long-time supporters of the Diaspora Yeshiva, Jerusalem.

### Joseph Strelitz, 57

Joseph Strelitz, a veteran supporter of the UJA, the Joint Distribution Committee and other organizations, died of a heart attack on his arrival in New York City from his hometown of Norfolk, Virginia, last Friday. He was 57.

Strelitz divided his time between the U.S. and his second home in Herzliya Pituah. He was a former president of the American Friends of Tel Aviv University, which awarded him an honorary doctorate in 1980. Strelitz was also one of the founders of the Tel Aviv University's Institute of Strategic Studies.

He is survived by his wife and three children, and by his brother Leonard, U.S. national chairman of the UJA.

### Body of woman, 62, found in Jerusalem

The body of a 62-year-old woman was found last night in the Jerusalem neighbourhood of Beit Hakarem. Her body, found by her neighbour, bore signs of violence.

Police said it is still not clear whether the woman was murdered. (Itm).

### Jerusalem Post Subscription Rates

October 22, 1984

3 months	IS 24,730
6 months	IS 46,660
12 months	IS 88,650

Prices include VAT and home delivery; any price increases during the term of your subscription will be absorbed by The Jerusalem Post.

Subscriptions Dept., The Jerusalem Post, P.O.B. 81 Jerusalem 91000

## We happily announce the birth of a son and great-grandson

Parents: Adi and Edna Mannheim, Haifa - Ahuva  
Grandparents: Marianne and Fredy Stiller, Rishon LeZion  
Grandparents: Prof. Dr. Ch. and Dr. Bilha Mannheim, Haifa  
Great-grandmother: Annette Mannheim, Tel Aviv.

## HOME NEWS

### Ata chief says owners not to blame for crisis

By DAVID RUDGE  
Jerusalem Post Reporter

HAIFA. - Ata's chairman Asher Levy yesterday urged the industry and Trade Ministry's inquiry team not to take the easy way out and make a "scapegoat" of the company's owners, the Eisenberg enterprises.

Levy told The Jerusalem Post that the company would not be saved by apportioning blame for what had happened in the past.

The inquiry team must instead look to the future and find a long-term solution to Ata's grave financial problems.

Levy was referring to reports that the team's initial findings criticize Ata's owners for mismanaging the company's affairs.

He reiterated his previous statements that in his opinion the ailing textile concern could not continue in its present form. The only way to make the firm viable would be to close or drastically reduce cloth production at Ata's main factories in Kiryat Ata and Kerdani - a step which would result in hundreds of job losses - while retaining sewing workshops and retail outlets.

Ata was due to submit a request to the Haifa District Court yesterday for a settlement with the firm's creditors, a move likely to result in the appointment of a receiver. Levy said the request had been delayed due to "technical problems" but would

probably be made today or tomorrow.

Meanwhile, The Post learned that the head of the inquiry team Yehuda Gil, met yesterday with Prime Minister Peres, Finance Minister Yitzhak Moda'i and Industry Minister Ariel Sharon to bring them up to date with the team's progress.

An unconfirmed report said the team is also recommending that a receiver be appointed to run Ata's affairs and that the government subsidize the company until a buyer is found. Two corporations have shown a firm interest in purchasing the company.

The Post learned, however, that no definite conclusions were reached at the ministers' meeting because the inquiry team has yet to draft its recovery programme. The report is now expected to be submitted towards the end of the week.

Nevertheless, Sharon has promised he will do everything in his power to save the threatened company and the 3,000 workers who depend on Ata for their livelihoods.

A similar commitment was given yesterday by Histadrut Secretary-General Yisrael Kessar after he met with representatives of the works committee from Ata's Kiryat Ata and Kerdani factories.

He said that if a receiver was appointed it should be somebody who would ensure Ata's continued production.

### Histadrut may alter its election date

By ROY ISACOWITZ  
Jerusalem Post Reporter

TEL AVIV. - The Alignment faction in the Histadrut has established a team to look into the advisability of changing the labour federation's elections before the Histadrut elections early next year.

Histadrut Secretary-General Yisrael Kessar said yesterday that the intention is to avoid a situation similar to that in the Knesset, in which an excess of small parties hampers the functioning of the body. The team, which is headed by Histadrut Treasurer Natan Almosino, will present its proposals to the faction. Kessar strongly denied that the

Alignment has any intention of not holding the elections in 1985. The regulations provide for elections to be held by April next year. However, he added that the Histadrut leadership might "use the flexibility in the regulations to alter the date."

There have been persistent media reports recently that the Alignment faction will attempt to postpone the elections for at least a year to avoid going to the electorate soon after the imposition of harsh economic measures. Kessar blamed the reports on the Likud faction in the Histadrut, which he said would like to give the impression that the Alignment is unwilling to face elections.

### Israeli envoy suspected in video smuggling bid

A senior Israeli diplomat is suspected of trying to smuggle a video cassette recorder into Israel through Ben-Gurion airport last week.

Customs investigators say they found the VCR among his baggage.

The diplomat is also suspected of forging an official document. When customs officials found the VCR, the diplomat produced a form showing

that he had taken it with him when he left Israel to serve abroad.

Customs investigators said they checked and found that originally the form listed only a camera. The VCR was added afterwards, they said.

Customs officials say the diplomat will be tried for his suspected offences. (Itm)

### Burmese minister arrives as guest of Telrad

Burmese Communications Minister Lin Phain Mung arrived in Israel yesterday as a guest of the Telrad electronics firm. Mung's visit follows the recent signing of a \$7.5 million contract to install Telrad's electronic digital public telephone exchange in Burma.

Mung will meet with Telrad's management to discuss enlarging the deal. He will also visit eight Burmese engineers who are studying how to operate Telrad's equipment at the company's Lod facility.

During his visit, Mung will also meet with senior Communications Ministry officials. (Itm)

### IBA director favours TV with breakfast

Jerusalem Post Reporter

Breakfast shows will be incorporated into the fare served up by Israel Television if Broadcasting Authority director-general Uri Porat has his way.

Porat, who has just returned from visits to Britain and the U.S. where he investigated programmes which could be adapted for Israeli viewers, yesterday reported the highlights of

his trip to the IBA's board of directors.

Meanwhile, a drawn-out meeting of the IBA's drama committee yesterday decided not to cancel the weekly television series *Reserve Duty*. Despite harsh criticism directed at the contents and quality of the series, the committee said that the production crew was to be commended for attempting a project of this scope.

### Zilker gets top Social Affairs Ministry post

Communications Ministry Director-General Zvi Zilker yesterday was appointed director-general of the Ministry of Labour and Social Affairs by Minister Moshe Katzav. The appointment is to take effect on November 12.

Zilker, 51, a former mayor of Ashdod and a Technion-trained civil engineer, has been director-general of the Communications Ministry

since January. While his new appointment was unheralded, it was to be expected as part of the ministerial personnel shake-ups following the elections.

A Herut Party stalwart, Zilker will replace Asher Ohayon of the Tami Party under Minister Katzav (Likud-Herut). Communications Minister Amnon Rubinstein (Shinui) has not yet named a replacement for Zilker.

### ATTACK PLANS

(Continued from Page One)

fied by a code name as "Gabi" was cross-examined by the defence advocates who are arguing that their clients' statements to police, which provide the basis of the prosecution's case, are inadmissible.

"Gabi" revealed that he did not keep any notes or memo of his questioning of any of the defendants but gave a verbal report to the head of his unit in Jerusalem - code-named "Israel."

Asked by one of the advocates if he was not aware of a High Court ruling ordering the GSS to make such notes, "Gabi" recalled that they had been briefed but it was not made clear who was to make and maintain such notes. In his case he said it was always the head of the particular team.

At one stage his testimony conflicted with the "investigation diary" maintained by "Israel." "Gabi" testified that on May 7 Nathan Natanson

son of Shilo, who is accused of planting a bomb in the car of the former mayor of Nablus Bassam Shak'a, confessed and went so far as to name some of his accomplices. According to the diary maintained by "Israel" this only happened on May 10.

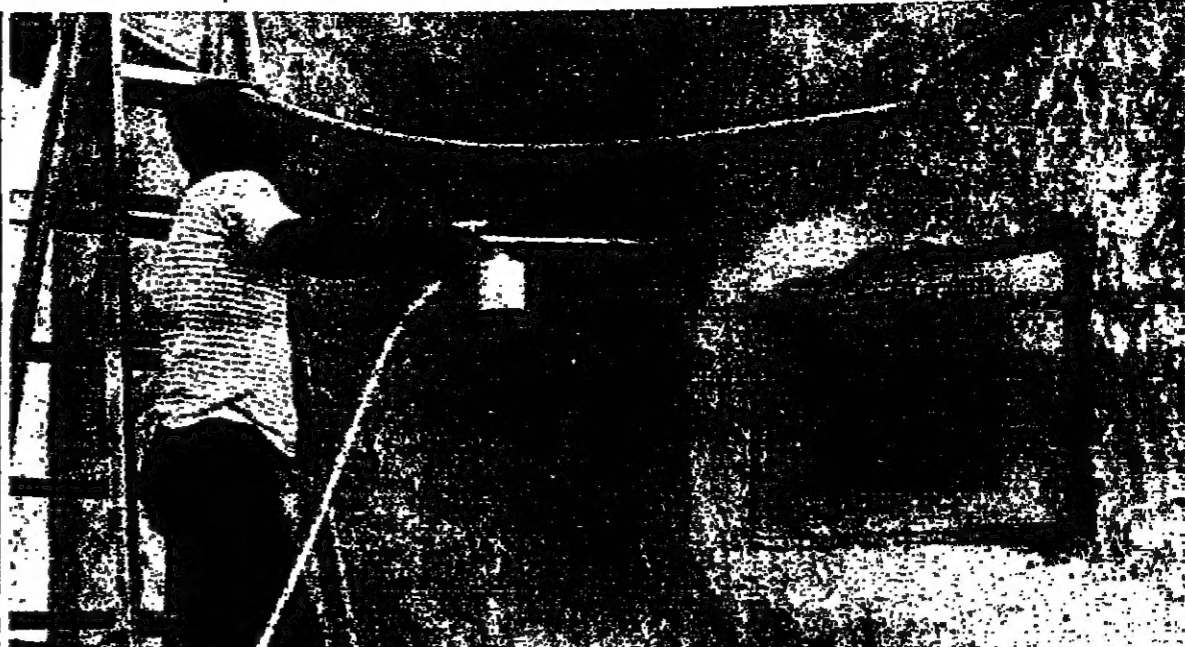
"Why did Natanson confess after refusing to cooperate for so long?" advocated Arye Weinrot asked.

"In my experience (11 years) it is not possible to clarify exactly what makes a man confess. I knew I had to expand his confession without focusing on the motives. It is my experience that focussing on the motives of the act often closes up the man," "Gabi" said.

The agent confirmed that he had been involved in the episode of the No. 300 bus to Ashkelon in which two terrorists who had hijacked the bus were bludgeoned to death by still to be prosecuted members of the security forces. It was this terrorist attack which led to the attempt to sabotage Arab-owned buses in Jerusalem and indirectly to the unearthing of the alleged terrorist organization.

He denied however that he had given Natanson to understand that "they were on the same side" because of what had been done to the terrorists on the bus.

The *in camera* hearings continue today.



Armed with a can of spray-paint, this worker takes part in a drive yesterday by Beersheba Licensing Bureau employees to fix up their premises by themselves to save money in the face of budget cuts. (Israel Sun)

### Leadership struggle averted at Herut Executive meeting

By MICHAEL YUDELMAN  
Jerusalem Post Reporter

Despite fears of a stormy debate in yesterday's Herut Executive meeting, the first to be convened in five years, Vice Prime Minister Yitzhak Shamir succeeded in keeping the meeting orderly and restrained.

Neither Deputy Premier David Levy nor Industry and Trade Minister Ariel Sharon, who are challenging Shamir's leadership in Herut, spoke at the meeting, apparently deferring discussion of burning party issues to another occasion.

Sharon left the meeting early to go to a concert and Levy's supporters made a point of playing down the importance of the executive meeting.

Referring to Sharon's attacks on the government's policy on withdrawal from Lebanon, Shamir stated that the government's guidelines call for leaving Lebanon while ensuring security arrangements on the Lebanese border.

"All the rest is open to argument and debate. Usually we do not regard Unifil as a force which can be counted on in this matter, but this is not a principle," Shamir said.

He said Sharon had no ulterior motive for his criticism, but was

merely expressing general Likud opinions.

Referring to the call by Jewish Agency Executive Chairman Arye Dulzin (Liberal) for the Liberals to leave the Likud, Shamir said this was not the time for a split.

"There is an ill wind blowing from certain Liberals who think now is the time to dissolve the Likud. But this is not the time. The Likud's institutions must be revived and the Likud must join ranks," he said.

Asked about the controversy over appointment of a deputy defence minister and other Likud deputy ministers, Shamir promised that the deputy ministers will be appointed, but said he could not yet give a date.

On the Likud's promise to give Shas the Religious Affairs Ministry, Shamir said he would meet Shas leaders today and Prime Minister Shimon Peres later this week to try to settle this issue. The National Religious Party is demanding both the Religious Affairs and Interior Ministries.

Shamir said he understood Shas' threat to leave the government unless they receive the Religious Affairs Ministry by the end of this week, but said he hoped a solution would be found.

### KESSAR

(Continued from Page One)

will be reduced - thus lowering the overall cost of production - but income tax rebates will ensure that net salaries retain their real value.

Regarding price rises that occur by the time a freeze is implemented, the workers would give up one-third for every two-thirds of the increase absorbed by the manufacturers. In other words, if the increase is 15 per cent, the workers will give up 5 per cent, while the manufacturers absorb 10 per cent.

Kessar pointed out that the manufacturers' loss in such a case would in fact be 2.5 per cent, and not 10 per cent, since labour costs amount to only 25 per cent of the total price.

Kessar and other Histadrut officials stressed that the Histadrut's proposals, which will be presented to the labour federation's executive for approval today, were not an economic programme - which is the prerogative of the government. The proposals were based on papers drawn up by the former Bank of Israel governors Amnon Gafny and Moshe Sanbar at Kessar's behest.

Sanbar was the originator of the one-third and two-thirds proposal, which had been the basis of the package deal he negotiated in 1970. Histadrut sources said that many specific proposals made by the two former governors had not been included in the Histadrut's proposals for fear of the labour federation giving the impression of usurping the government's authority.

In his address, Kessar called repeatedly for an end to sloganeering and for a new pragmatism. He warned bluntly that a drastic cut in the state budget could not be avoided - and that unemployment would be the

inevitable result. The Histadrut's task, he said, is to see that a sensible programme is implemented and the workers' interests are represented. But there is no evading the fact that the standard of living is going to drop, he said.

Prime Minister Peres and Kessar did not meet yesterday, as had been predicted in the media. Histadrut sources said that the two might meet today in Jerusalem. A sub-committee of the joint government-Histadrut-employers body will meet tomorrow, but no high-level meeting between the government and the labour federation has been scheduled.

Among the proposals made yesterday by the central committee and later expanded on by Kessar were that the prices-profits-wages freeze should last a minimum of three months. Taxes were not mentioned, as the Histadrut intends demanding tax rebates for workers and would favour taxes on luxury properties and financial speculation.

The Histadrut also proposed that a stringent control apparatus should be established to ensure the application of the price freeze and to punish price-gougers. The black-capital market and tax evaders should also be tackled mercilessly, it said.

The Histadrut will urge that the cost-of-living increment agreement and the work agreements are maintained, as a guarantee against the package deal not being successful.

To foster industrial growth and to guarantee employment, the Histadrut said, the government should lower interest rates to industry. The Histadrut and Eivrat Ha'Ovedim will cooperate in the struggle against unemployment, it added.

### Soviet aliya activists hold hunger strike

Dozens of aliya activists throughout the Soviet Union have begun a hunger strike yesterday to protest against the recent wave of arrests among Soviet Jewry.

The members of Kibbutz Rosh Tzurim, in the Etzion Block, held a hunger strike yesterday in solidarity with the Soviet Jewish aliya activists.

The hunger strike was also in solidarity with Prisoner of Zion Alexander Choliminsky, who was arrested in the Soviet Union recently.

Choliminsky was declared a regular member of the kibbutz yesterday and allotted an apartment. Minister without Portfolio Yosef Shapira affixed a mezuzah to the apartment.

### Hussein's brother meets Mubarak in Cairo

CAIRO. - Jordanian Crown Prince Hassan met yesterday with President Hosni Mubarak for two hours at the presidential Kubbah Palace.

Following the meeting, Mubarak hosted a lunch for Hassan. Details of the meeting were not disclosed.

Hassan, brother of King Hussein, arrived here Saturday on a four-day official visit, the first by a high-ranking Jordanian since his country resumed diplomatic relations with Egypt last month.

Egyptian officials have said that Hassan and Mubarak will discuss ways of developing bilateral relations with Egypt, particularly in the fields of agriculture, trade, industry and travel between the two countries.

In Damascus, Syria's official *al-Thawra* newspaper said yesterday that Hassan's trip to Egypt was aimed at bypassing the Palestine Liberation Organization as the sole legitimate representative of the Palestinians. (AP, Renter).

**Giraudoux play opens**  
Haifa Theatre season  
Jerusalem Post Reporter  
HAIFA. - The Haifa Municipal Theatre opened its 23rd season on Saturday night with a performance of Jean Giraudoux's *The Trojan War Will Not Take Place*, under the auspices of Mayor Arye Gurel.

The play was translated and adapted by Yehoshua Sobol.

## DEBATE

(Continued from Page One)

who refrained from directly referring to Sharon's radio interview.

According to a cabinet statement issued after the weekly session, which scheduled a full-scale debate on its Lebanon policy for next week, Israel is not prepared to conduct talks with Lebanon within the framework of the 1949 armistice agreement, but would agree to talks with Lebanon under the "auspices" of Unifil. In such a case, however, Unifil's role would be that of a "coordinator" rather than a chairman, a cabinet source said later in the day.

In the same statement, the government reiterated its readiness to have "contacts" with Syria through U.S. channels, "with the purpose of preventing Syrian expansion southward and westward after an IDF evacuation, and to prevent terrorist infiltration from within the area under Syrian control." Unifil, said the statement, "would redeploy, including in the Bekaa area."

A cabinet source explained that Israel's rejection of a Lebanese demand that military talks be held within the context of the 1949 armistice committee was based on Lebanon's own cancellation of the May 17, 1983 peace accord.

A cabinet source from Labour played down the disagreement between the Likud and Labour in the government on the issue of Israel's withdrawal from Lebanon, saying it was limited to the role of Unifil. Yesterday afternoon, MK Ronni Milo (Likud) also maintained that Sharon's comments did not represent a major conflict between Labour and Likud in the cabinet.

Nevertheless, Sharon's comments sufficiently angered Health Minister Mordechai Gur for him to raise the question of ministers speaking out on both economic and foreign affairs in ways that conflict with the government's position.

Sharon had excused his comments, saying that the issue had not yet been discussed by the cabinet. But Peres said during the cabinet meeting that the issue of Unifil had indeed been discussed by the Ministerial Committee on Security.

In response to Gur's urging - and with help from Attorney General Yitzhak Zamir - Peres pointed out that according to the Basic Law: Government, ministers are to refrain from commenting on issues other than in their own ministerial parview - "unless they defend or explain" government policy.

On other matters, Peres found he was unable to push through some topics on the agenda for which he had sought cabinet agreement. He tried naming a ministerial committee for changing the electoral system, but, several of the ministers he wanted to put on the committee said they weren't interested. He also wanted to bring up the issue of appointing directors to government companies, but Deputy Prime Minister David Levy strongly objected.

### TEL AVIV UNIVERSITY

deeply mourns the sudden death of

### JOSEPH H. STRELITZ

Vice Chairman of the Board of Governors  
Former President of the American Friends of Tel Aviv University  
Honorary Doctor of the University  
Chairman of the International Board of Trustees of the Jaffee Center of Strategic Studies  
great friend and supporter

and extends its sincere condolences to the family

### AMERICAN FRIENDS OF TEL AVIV UNIVERSITY

With grief and shock

expresses its deep condolences to the family of

### JOSEPH H. STRELITZ

his widow, Arlene  
his children, Mrs. Jordan (Mindy) Goldman  
Mrs. David (Jill) Schneider  
John  
his brothers, Leonard and Robert

He was a former President of AFTAU and major benefactor of the University.  
He was a warm and caring human being.  
He was a devoted Jew and lover of Israel.

Nan Novick  
Chairman of the Board

Rabbi Herbert A. Friedman  
President

In deep sorrow, we announce the death of my beloved wife, our dear mother and sister

### LILLIAN (Lily) KLEIN

The funeral will leave on Tuesday, October 23, 1984 at 2:30 p.m., from the Municipal Funeral Parlor, 5 Rehov Daphna, Tel Aviv for the Holon Cemetery. Transportation will be provided for those attending.

The mourners:  
Husband: **Sonny Klein**  
The family and friends in Israel and abroad.  
Shiva at 87 King George St., Tel Aviv, in the home of the deceased.







## Reagan and Mondale trade accusations before final debate

NEW YORK (AP). — Striking early blows before their final television debate, President Reagan charged Saturday that Walter Mondale's foreign policy record is one "exposing us to dangerous, unnecessary risks," while the Democratic challenger accused Reagan's administration of illegal war actions in Nicaragua.

The two men limited their public remarks to paid radio talks broadcast a day before their second and last face-off of the presidential campaign. Mondale is hoping the debate will help him chip away at Reagan's big lead in opinion polls as the campaign heads into its final two weeks.

The debate in Kansas City, Mis-

souri, focusing on foreign policy, comes two weeks after their domestic-issues confrontation in Louisville.

Most observers, including Reagan aides, said they felt Mondale came across better in the first confrontation. Since then, Mondale has gained ground in some polls, with a new CBS News-New York Times survey saying the Reagan lead has been halved from 26 to 13 points and with the Louis Harris poll putting the margin at 9 points.

However, polls for the NBC television network and the newspaper USA Today still show a 25 percentage point lead for the Republican president.

The two men broke little new ground in their Saturday remarks. Mondale said he did not doubt Reagan's good intentions in foreign policy. "But good intentions are not enough — as the record makes tragically clear," he added. "Virtually every day brings new evidence that nobody's in charge."

And he renewed his call for Reagan to fire CIA director William Casey in connection with revelations concerning a CIA training manual that encourages terrorism against the leftist Sandinista government in Nicaragua.

"There is an illegal war going on in Nicaragua now, and over the explicit

objection of the Congress, the Reagan administration has trained guerrillas to overthrow the Nicaraguan government," Mondale said.

Mondale's running mate, Rep. Geraldine Ferraro, told students at the University of Massachusetts on Saturday that the manual befits a dictatorship, not a freely elected government. "It's an insult to the American people," she said.

Reagan, in his broadcast, steered clear of that issue, choosing instead to attack Mondale's record.

He said that Mondale had spent his entire political career "opposing our strength, exposing us to dangerous unnecessary risks."

## Turkey seeks joint action with Iran against Kurds

ANKARA (Reuters). — Interior Minister Ali Tanriyar left for Teheran yesterday to discuss joint action against Kurdish guerrillas in the border area of northwest Iran, a Foreign Ministry statement said.

The official Iranian news agency Irna, however, yesterday quoted Iran's Prime Minister Hussein Mussavi as saying that his country was not interested in a border pact with Turkey.

Turkey wants approval from both Iraq and Iran for coordinated steps against guerrillas operating across the common borders between southeast Turkey and northern Iran and Iraq. Kurds in the border area of all three countries have been fighting government forces for more self rule.

Turkey's operations against them since mid-August have so far been confined to Turkish territory. But Prime Minister Turgut Ozal said last Friday that they could be extended to Iranian and Iraqi territory, under certain conditions, if agreement was reached.

Foreign Minister Vahit Halefoglu reached agreement in Baghdad last week-end for coordinated anti-guerrilla action with the Iraqis.

Tanriyar is accompanied on his trip by Deputy Chief of Staff General Necdet Oztorun, who was also in the Turkish delegation to Baghdad. The Foreign Ministry statement said bilateral issues would come up for review in addition to the talks on anti-guerrilla activity.

## Sports

### Lauda wins

ESTORIL, Portugal (AP). — Niki Lauda of Austria driving a McLaren-TAG-Porsche won the 1984 World Grand Prix motor racing driver's championship by half a point yesterday when he finished second to his team-mate Alain Prost of France in the Portuguese Grand Prix.

Lauda was running third some 50 seconds behind Prost — which would have lost him the championship — when the Lotus-Renault of Britain's Nigel Mansell rolled into the pits with a dead engine.

The failure of the Lotus gave Lauda his third World Championship. It was the second year running that Prost had lost the title in the last race.

Prost won seven of the season's 17 races while Lauda won five and took four second places.

Prost had started from the front row of the grid and Lauda from row six. Prost took the lead of the race from Finn Keke Rosberg in a Williams Honda on lap five, while Lauda was fighting his way through the field from 11th place.

Lauda's wife Marlene, attending her first race for five years, laughed and cried with happiness saying, "I can't believe it, I can't believe it."

### Marathon record

CHICAGO (AP). — Steve Jones of Barry, Wales, set an unofficial world record of 2:08.05 yesterday as he won the America's Marathon/Chicago in wet, windy conditions. Jones, completing his first marathon, broke the record of 2:08.13 set by Alberto Salazar in New York in 1981.

### SCOREBOARD

TENNIS — Jimmy Connors overpowered Ivan Lendl 6-4, 3-6, 6-0 to win the \$75,000 Tokyo Grand Prix Tennis Tournament. In Stuttgart, Germany, Lendl defeated 16-year-old Stefan Graf of West Germany 6-1, 6-4 with ease to win the \$150,000 tournament. In Cologne, Joachim Nystrom beat Mikael Persson 7-6, 6-2 to win the Grand Prix tournament.

CRICKET — India are fighting hard in an effort to salvage a draw in the first Test against Pakistan. In their second innings, they reached 180 for four at the end of the fourth day, after their first innings collapse for 156, and are now 92 behind Pakistan's massive total of 428 for 9, with six wickets in hand, and one day to play. Australian Cricketers made 60.

In Brisbane the West Indies reached 111 for 2, Richie Richardson cracking 58 not out, including two sixes and eight fours, but nearly four hours of play were lost because of rain, and a draw seems inevitable.

### Handball

MADRID. — Atletico de Madrid eliminated Hapoel Rehovot from the European Handball Cup after winning 21-12 (13-4) in their second leg game here yesterday. The Spanish team also won 17-12 in their first game in Tel Aviv.

Madrid's Rafael Leon beat William Keyes of England 48-10 in the first leg of the Cup-winners Cup. The second leg will be played tonight.

### Basketball

8th Round, tonight: Hapoel Haifa v Hapoel Tel Aviv; Hapoel Gan Shimon v Hapoel Upper Galilee; Hapoel Ramat Gan v Hapoel Holon; Hapoel Ashdod v Maccabi Tel Aviv; Maccabi Ramat Gan v Maccabi Haifa; Be'er Tel Aviv v Hapoel Kiryat Gat.

## GRAND in Name GRAND in Style THE GRAND BEACH HOTEL, TEL AVIV

**\$27** per person per day in double room, including breakfast and service charge. Valid until 30.9.85

Monthly rates available.

- Just across from the beach
- Roof top swimming pool
- Synagogue and Shabbat elevator

Try us once, you'll come again

Contact your Travel Agent or Grand Beach Hotel, 250 Hayarkon St., Tel Aviv 63113 Tel: 03-241252 Telex 33649

## Big reshuffle seen possible in Politburo

MOSCOW (Reuters). — The Communist Party Central Committee is expected to meet this week for a special session on agriculture, and western diplomats said they believe it could also endorse changes in the Kremlin leadership.

Two senior Soviet officials confirmed to western reporters earlier this month that the committee, which has over 300 members, had been called to a special session following the latest in a succession of poor grain harvests.

They gave no dates for the plenum, but diplomats said it is likely to start tomorrow.

The official word followed speculation among diplomats, much of it prompted by leaks from Soviet sources, that a plenum could soon endorse a major reshuffle in the leadership.

Western diplomats said they expect that the meeting could approve changes in the 12-man Politburo, but not at its highest level.

## Karpov stays ahead as 15th chess game is tied

MOSCOW (AP). — World chess champion Anatoly Karpov, leading the current title match 4-0, and challenger Garry Kasparov agreed to draw their 15th game on Saturday night after 93 moves had been played.

Karpov, playing white, offered the draw to his 21-year-old opponent before making his 94th move in the game that began 24 hours earlier. Draws do not count in championship competition and the winner of the chess crown will be the first of the two Soviets to score six outright victories.

## STAY 5 DAYS PAY FOR 4



Enjoy 5 nights at the super 3-star Windmill Hotel and pay for only four (including breakfast).

Valid: 1.11.84 - 28.2.85

\*Kosher restaurants  
\*Sabbath elevator  
\*133 air conditioned rooms  
\*Walking distance to the centre of Jerusalem and the Old City

Don't wait. Book your winter vacation now at Jerusalem's one of a kind hotel.

3 Mendele St., Talbiah Jerusalem 92147, Israel Tel: 663111 Telex 26536

## Three-party merger poses new challenge to Gandhi

NEW DELHI (AP). — Three opposition groups merged yesterday to form a new party under the leadership of former prime minister Charan Singh to challenge the governing Congress Party in forthcoming parliamentary elections.

Prime Minister Indira Gandhi, president of the Congress Party (I) meanwhile, described her opponents as "power-hungry people" and said their moves to unite posed a serious threat to national progress. "Their self-centred approach will lead the country nowhere if they come to power again," she said.

The groups which merged yesterday were the Lok Dal (Masses Party), Democratic Socialist Party and Rashtriya (National) Congress. A faction of another opposition group, Janata (People's) Party, also joined the new Dalit Mazdoor Kisan (Untouchable Worker Farmer) Party.

The name indicated that the new party sought support from the socially and economically backward classes. The 100 million "untouchables," or Hindu outcasts, have mostly supported Gandhi in the past. Her five-year term expires on January 19, and elections for the new Parliament are expected to be completed at least two weeks before that date.

The groups which merged yesterday were the Lok Dal (Masses Party), Democratic Socialist Party and Rashtriya (National) Congress. A faction of another opposition group, Janata (People's) Party, also joined the new Dalit Mazdoor Kisan (Untouchable Worker Farmer) Party.

## Nicaraguan planes strafe rebels

MANAGUA (AP). — Nicaraguan air force planes bombed and strafed rebel mountain hideouts near the town of Esteli, and 61 rebels and nine government soldiers were killed in 48 hours of fighting in the northern part of the country, the Red Cross and military authorities said on Saturday.

A Red Cross official said military aircraft attacked the slopes of a range of hills less than a kilometre

from Esteli, where the rebels had holed up, planning to seize the town 165 km north of the capital.

This is the first time the leftist Sandinista government has mounted an air attack near a large town in the two-year war against CIA-backed rebels, based in neighbouring Honduras and Costa Rica. Up to now, bombardments and strafings have been limited to remote mountain and jungle areas.

Antenne 2 condemned the sentence, which it called "an intolerable attack on the right of information."

The station called Abouchar's trial a "parody," adding that "no lawyer, either Afghan or French, designated by Abouchar's family was allowed to take his defence."

Abouchar, 53, has been with Antenne 2 since the channel was created in 1975. His visit to Afghanistan to report on guerrilla activities was his first trip there. Before joining Antenne 2, he worked in Lebanon and the Ivory Coast for other news outlets.

## Former police deputy arrested in Italy

ROME (AP). — Police have announced the arrest of Gen. Pietro Musumeci, former deputy head of the Italian secret service police force, on charges including criminal association and links to the 1980 Bologna train station bombing that killed 85 people and wounded 200.

Five others, including three secret service officers, who were all identified as Musumeci's "associates," were also arrested on Friday.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

The arrests were made as part of a continuing investigation into alleged wrongdoing involving security forces, business and political figures, as well as terrorists and mobsters.

Police are holding one suspect in the Bologna bombing and are seeking four others believed to be hiding in Bolivia. About 40 other suspects have been arrested and released in connection with the attack.

Musumeci is also charged with illegal arms possession and use of a public office for personal gain.

## Unesco puts off U.S. reform proposal

PARIS (AP). — The U.S. suffered another setback on Saturday in its efforts to bring about reform at Unesco when the 51-nation executive board put off action on an American proposal until its next meeting in May.

Several delegates said during a debate in the UN Educational, Scientific and Cultural Organization that the U.S. resolution would amount to giving five countries a veto over the agency's programmes.

Under the plan, the board would have referred any items on its agenda dealing with Unesco's major programmes that required in-depth consideration to a 25-member special committee at the request of five or more members.

U.S. delegate Richard Aherne said the proposal did not amount to a veto power because when there was disagreement the committee could always refer the matter to the board, the organization's governing body.

By a 25-9 vote the U.S. resolution was deferred to the board's next meeting. Most of the western countries joined the U.S. on the losing side of the vote.

The U.S. has threatened to withdraw from Unesco at the end of the year claiming that its programmes have become too political and that there has been no effort to limit spending.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

It said among the four survivors of the accident Friday night near High Prairie, Alberta, was the provincial housing minister, Larry Shaben.

## France angered by Afghan prison term for TV journalist

PARIS (AP). — The French government has admitted it was "profoundly shocked" by the news that a French journalist captured by Afghan troops during a reporting assignment had been condemned to 18 years in prison.

The French Foreign Ministry said it was doing everything to secure the immediate release of television journalist Jacques Abouchar.

A ministry source said the French charge d'affaires in Kabul had been instructed to demand an explanation from Afghan authorities. The source said the ministry had summoned Afghanistan's charge d'affaires in Paris, Abdullah Keshmand.

The government, "through the appropriate channels is doing everything to obtain from Kabul authorities Abouchar's immediate liberation and return to France," the ministry said in a statement.

Abouchar, who works for Antenne 2, one of the three television channels in France, was captured last month in southern Afghanistan when a guerrilla unit he and colleagues were travelling with was ambushed by Afghan and Soviet forces. His camera crew escaped.

Afghanistan's state-run Kabul Radio reported on Saturday that a special revolutionary court had convicted Abouchar of spying and sentenced him to prison.

Antenne 2 condemned the sentence, which it called "an intolerable attack on the right of information."

The station called Abouchar's trial a "parody," adding that "no lawyer, either Afghan or French, designated by Abouchar's family was allowed to take his defence."

Abouchar, 53, has been with Antenne 2 since the channel was created in 1975. His visit to Afghanistan to report on guerrilla activities was his first trip there. Before joining Antenne 2, he worked in Lebanon and the Ivory Coast for other news outlets.

## 2 aircraft firms bombed in France

PARIS (AP). — A bomb exploded yesterday at an office of the Marcel Dessault Group which builds French fighter planes, only hours after another establishment which makes parts for the planes was damaged in a similar blast.

Direct Action, an extreme leftist group banned by the government, claimed responsibility for both explosions, which slightly injured three people.

Authorities said a bomb containing about one kilo of explosives went off outside the offices of the state-run Marcel Dessault Co. in the western suburb of St. Cloud. The explosion slightly damaged the brick wall where the bomb was placed and blew out windows of surrounding buildings.

An earlier explosion, late Saturday night, at Messier-Hispano-Bugatti in Montrouge, south of Paris, caused considerable damage to the ground floor of the establishment, a private company which fabricates landing gear for fighter planes.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

Three people, two of them hitch hikers standing nearby at the entrance to the Peripherique highway which circles Paris, were slightly injured, authorities said.

## Walesa warns abductors after priest's kidnapping

WARSAW (AP). — Solidarity leader Lech Walesa yesterday expressed outrage at the kidnapping of a popular pro-Solidarity priest and declared his abductors would bear "a terrible responsibility" if he came to harm.

The priest, the Rev. Jerzy Popieluszko of Warsaw, has been missing since Friday evening when he was kidnapped by unidentified assailants near the city of Torun, about 210 kilometres north-west of Warsaw. One of his kidnappers was wearing a traffic police uniform, the official news agency PAP reported.

Police have since been searching the roads and countryside surrounding the abduction spot, according to the Rev. Jozef Nowakowski, a Torun priest who says he believes

the kidnapping was an act of "banditry."

Walesa attended the weekly mid-morning Sunday mass in Warsaw normally given by Popieluszko at St. Stanislaw Kosciuszko church and following the service stepped to the pulpit to enthusiastic applause from more than 2,000 worshippers.

"If Priest Jerzy (Popieluszko) loses only one hair from his head, someone will take on himself a terrible responsibility," he said.

Popieluszko is one of the most outspoken priests in Poland's influential Roman Catholic Church and has been the target of frequent attacks by the Communist government for his sermons advocating the ideals of the Solidarity free trade union.

## Libya bids to go nuclear with Soviet aid

TRIPOLI (AP). — Libyan authorities are negotiating with Soviet officials for the construction of Libya's first nuclear power station, the official Jana news agency has reported.

It said "serious talks" are under way in the Soviet Union between Libya's Energy Secretariat and the Soviet State Committee for Economic Affairs.

The dispatch said the plant would consist of two hydraulic reactors

with an overall capacity of 880 megawatts and, when completed, "we'll form a unified electro-network by connecting all the other operational electric stations with the nuclear station."

Libya's Energy Secretary was quoted as saying that the country's nuclear programme was "aimed at using the atomic energy for peaceful purposes." No details concerning either their cost or when the construction might start, were given.

## Tamil rebels raid courthouse in Sri Lanka

COLOMBO (Reuters). — Separatist guerrillas raided a courthouse in Sri Lanka's troubled northern province yesterday, and grabbed trial documents and evidence, including guns and ammunition, police said.

They said six armed guerrillas broke into the magistrates court at Kilinochchi after threatening an unarmed watchman.

A few hours after the raid, guerrillas shot dead a Tamil youth in the northern district of Vavuniya, police said. The youth's body was tied to a lamp-post and a note nearby said he was guilty of murder and rape.

Guerrillas are fighting for a separate state for Sri Lanka's minority Tamil community in the northern and eastern provinces.

## Malaysia forbids Roman alphabet in Islam studies



Michael Schumacher's victory in the 1994 Formula 1 World Championship was a surprise to many. The German driver, who had been considered a contender, won the title by a narrow margin over Damon Hill. The race was held in Australia, and Schumacher's team, Benetton, celebrated a historic triumph.

Marathon record

The world marathon record was broken by a runner from Kenya, who completed the 26.2-mile race in a time of 2 hours, 5 minutes and 36 seconds. The runner, who is a member of the elite Kenyan team, set the record during a race in London.

SCOREBOARD

Baseball: Yankees 5, Red Sox 3. Football: Patriots 24, Jets 17. Basketball: Lakers 101, Bulls 98. Hockey: Rangers 4, Devils 2.

Handball

The national handball team won a gold medal at the World Championship. The team, coached by a former player, defeated their opponents in a decisive final match.

Basketball

The national basketball team secured a victory in the Asian Cup. The team, led by their star player, overcame a strong opponent in the final game.

GRAND Name  
GRAND in Style  
THE GRAND DEAL  
MODEL TEL. NY  
\$27  
Try us...  
GB

Major News

In Summary

El Salvador  
Gets a Brief  
Glimpse of Peace

The men of El Salvador interrupted four years of killing last week, but only for a moment. Unarmed leaders from both sides got together and took a hesitant first step toward peace. Then they went back to warring.

Accepting President José Napoleón Duarte's surprise invitation, rebel political and military leaders met with Mr. Duarte for four and a half hours on temporarily neutral ground at a Roman Catholic Church in La Palma, a northern town in disputed territory. They agreed on a joint peace commission, to include four representatives of each side, with a Salvadoran Roman Catholic bishop as mediator. The commission is to meet in late November.

There was no cease-fire and no agreement on rebel participation in elections, which the Government wants, or on power-sharing, the rebels' chief demand. "We aren't offering miracles," Mr. Duarte said. He was accompanied by his Defense Minister, Gen. Eugenio Vides Casanova, and other Ministers. The rebel leaders brought Guillermo Ungo, a one-time running-mate of Mr. Duarte's, and Rubén Zamora from exile. They joined Fermán Cienfuegos and Nidia Díaz, two guerrilla leaders who came in from the hills to La Palma in an international Red Cross convoy. Mr. Cienfuegos was delighted by what he called "the recognition of the Salvadoran Government of the guerrillas as a representative force."

But Roberto d'Aubuisson, a right-wing party leader who did not attend, was worried. "If this fails," he said, "it is going to be a tremendous blow to morale."

President Reagan sent congratulations to Mr. Duarte and Ambassador Thomas R. Pickering pledged

stature call through candidates' credentials is a carefully guarded secret. Still, many expected this year's award for medicine to go to three immunologists — Dr. Cesar Milstein of England, Dr. Georges J.F. Köhler of Switzerland and Dr. Niels K. Jerne, who was born in Britain and raised in Denmark — for their work developing monoclonal antibodies, biological bullets that may one day be used to "seek and destroy" cancer cells. Last week, it did.

Another pair of favorites — Dr. Carlo Rubbia, an Italian on the faculty of Harvard University, and Dr. Simon van der Meer of the Netherlands — won the physics prize for their role in the discovery of three subatomic particles. The achievement was considered a giant step toward that holy grail of physics — a single theory to account for all natural forces. Dr. R. Bruce Merrifield, who pioneered a rapid method of manufacturing proteins — and new drugs — that has led some to consider him the Henry Ford of his field, learned he had won the prize for chemistry as he stepped out of an elevator at New York's Rockefeller University. "I wasn't sure whether people were kidding or what," said the year's lone American winner.

As science's gold medal, the Nobels are an inestimable source of prestige, not to mention \$150,000 in cash and virtually unlimited grants. Some criticize the prizes, however, for ignoring important fields and turning scientists into celebrities. Says 1977 winner Rosalyn Yalow: "The Nobel prize gives you the opportunity to make a fool of yourself in public."

The Peace Prize, also established by Alfred B. Nobel, the inventor of dynamite, but picked by the Norwegians, was announced last week as well. It went to Bishop Desmond Tutu, the general secretary of the South African Council of Churches, for his efforts to end apartheid. "It will be difficult now for the Government to do anything to him or the council," said a friend.

The Nobel Memorial Prize in Economic Science, established in 1968 by the Swedish central bank, was won by Sir Richard Stone, a retired Cambridge University professor, for creating an accounting system for national economies.

Oil Price-Cutting  
Challenges OPEC

World oil producers scrambled to rebuild their defenses last week after Britain, Norway and Nigeria broke through the price ramparts. The Organization of Petroleum Exporting Countries called an emergency meeting amid fears that the cartel could crack under renewed pressure to cut prices and raise production.

The British National Oil Corporation and Norway's Statoil cut \$1.35 and \$1.25 per barrel respectively from the \$30 official price on long-term contracts for their North Sea oil. Nigeria, which competes head-on with them, cut its price by \$2. Prices on the spot market for uncontracted-for oil were even lower, apparently reflecting under-the-table discounting and weakened demand from West Europeans who have switched to natural gas. Nigeria's action was important. A similar Nigerian price cut triggered OPEC's last general price reduction in March 1983. (Nigeria is a member of the 13-nation cartel; Britain and Norway are not.)

Prices gave way as oil users reduced stocks built up earlier this year after Iran threatened to launch a "final" offensive against Iraq. Coincidentally last week, Iran said its troops advanced along the mountainous central front. But Hojatoleslam Hashemi Rafsanjani, Speaker of Iran's parliament, said the attacks (which Iraq said it had repulsed) were "limited actions," apparently not the long-heralded offensive.

Consumers hoped a price break would bring lower prices for gasoline, heating oil and aviation fuel. But OPEC warned of "far-reaching adverse effects" on member countries and their suppliers and bankers. Mexico, Venezuela and Nigeria rely on oil revenue to pay interest on heavy debts to American and British banks. Britain also stands to lose part of \$12 billion a year in oil taxes. The British pound dropped to record lows, rebounding slightly Friday to close at \$1.932. (A potential boost for the economy, page 2.)

Supreme Court  
enters  
church-state  
debate

2

Another Round  
Of Nobels

Perhaps nothing in modern science inspires quite as much guesswork as who will win the Nobel Prizes. Nominators are a tight-knit bunch, and the process by which the Swedish Academy of Science and Stockholm's Karolinska In-

Worldly  
Concerns



TONIGHT'S DEBATE is likely to focus on support of the 'contras' in Nicaragua...

... Involvement in Lebanon, where terrorist bombings included attack on Marine compound that killed 241 servicemen...

... The American invasion of Grenada...

... The arms race (at left, a Pershing 2 missile) and relations with the Soviet Union and its leader Konstantin U. Chernenko.

Sygnia (contras); United Press International (Lebanon); Gamma-Liaison/Matheson (Grenada); Contact/Alon Reiniger (Pershing 2); Tass (Chernenko)

In Round 2, Events May Have  
A Way of Undoing Strategies

By HEDRICK SMITH

LAST summer, Democratic strategists targeted foreign affairs as President Reagan's most vulnerable area and laid plans for a campaign building to a policy crescendo in late October. Even in September, when Walter F. Mondale was floundering, his aides resisted turning from deficits and taxes to foreign policy. "The time for that is October," one of them firmly insisted. Deliberately, the Mondale camp fought for and won agreement for what has become a make-or-break event, the second Presidential debate, on foreign policy, in Kansas City tonight.

In that sense, the political script has followed the Mondale scenario, though 16 days before the election the former Vice President lags farther behind than his lieutenants wanted. But the Democratic nominee has pulled up from still farther back. Yesterday's New York Times/CBS News Poll put President Reagan 13 points ahead. The week before the first Presidential debate, on domestic policy issues, he led by 23 points.

The Democrats have rallied supporters with memories of the come-from-behind victory of President Harry S. Truman in 1948, and the photo-finish by former Vice President Hubert H. Humphrey in 1968. Their strategy has been to suggest that President Reagan has engaged in risky policies in Central America and Lebanon, and has dealt with the Russians in a way that raises the danger of an unchecked arms race and of war. What they could not anticipate, much less control, were developments abroad.

The Soviet decision to have Foreign Minister Andrei A. Gromyko meet President Reagan last month produced no diplomatic breakthroughs. But it gave Mr. Reagan the opportunity his aides wanted to blunt charges that the Russians did not want to do business with him. Next came the unexpected invitation by Salvadoran President José Napoleón Duarte to leftist guerrilla leaders. In political terms, the importance of last week's talks, like the Gromyko session, may be simply that they occurred. The Salvadoran rivals did not agree on a cease-fire; they settled for a joint commitment to make the war more "humane."

The next day, the Salvadoran Army launched a major offensive and an army colonel said bluntly: "The war goes on." Even so, the Reagan campaign took comfort that, as one spokesman put it, "things are moving in the right direction."

Soviet President Konstantin U. Chernenko's interview with The Washington Post last week was a mixed blessing. He chided the Administration for making "no practical shift" toward peace, and offered four avenues for improving relations.

The White House, eager to kindle hopes for progress, welcomed his "constructive tone" but saw nothing new in his proposals. Indirectly, however, the exchange seemed to indicate progress would be more possible with Mr. Mondale. Mr. Reagan rebuffed Mr. Chernenko on all four points. But the Russians were fairly close to three Mondale positions: a mutual freeze on nuclear arsenals; talks to prevent "the militarization of space" starting with a moratorium on testing antisatellite weapons; and ratification of two treaties on nuclear testing signed a decade ago. (Mr. Mondale, like Mr. Reagan, rejects the fourth idea, a pledge not to be the first to use nuclear weapons.)

Some developments threw the President on the defensive. Last month's bombing of United States Embassy offices in suburban Beirut revived aching memories of two earlier attacks and laid the President open to charges that he had not insured proper security. Late last week, even as the Embassy had begun evacuating dependents and "nonessential" personnel, an American with contacts in Lebanon said she had warned the State Department that the September attack was coming but that she had been ignored.

Handbook for Rebels

Controversy also mounted over the disclosure earlier in the week that the Central Intelligence Agency had written a 44-page manual for Nicaraguan rebels, giving them advice on kidnapping and killing public officials. (The Central American briefing book debate, page 4.) Late Friday came another jolt. Four C.I.A. agents were killed in a plane crash in El Salvador, the first such casualties known in that country's war.

Even before those developments, the foreign policy debate was regarded by both campaigns as Mr. Mondale's main opportunity to move within striking distance of the President. The Democrat's strong performance two weeks ago in Louisville not only tightened the race. It bolstered his leadership image to the point that his campaign manager, James A. Johnson, asserts that the voters are ready to listen to him on "the issues that are the basis for victory."

Dealing now with issues of war and peace, the Mondale camp has purposefully raised the stakes in its drive to pry loose critical support President Reagan still holds among independents and "soft" Democrats, and to attract a key group,



Cathy Hall

voters who say they are undecided. Last week's Times/CBS poll indicated that on foreign policy matters that group tends to view Mr. Mondale more favorably and Mr. Reagan less favorably than does the public at large.

Since Louisville, campaigning on both sides has become more heated, with last week probably the hardest-hitting of the contest. Even more sharply than on domestic issues, the two contenders clashed over arms control, defense, Central America, Lebanon. (The campaign on the ground, page 2.)

Beyond outlining policy differences, Mr. Mondale's objective has been to cast doubt on Mr. Reagan's knowledge, judgment and competence in foreign affairs. The Democrat's new video game-style television commercial lashes out at Administration plans "to put killer weapons into space." Last week, he accused Mr. Reagan of pursuing "a naive and primitive notion of national strength" for 30 years, and declared: "The whole disaster in Lebanon raises the question of who's in charge, who's the commander in chief, who's running the show?"

The Reagan counterattack was just as cutting, and appeared aimed at blunting any Mondale inroads among male voters who respond to declarations of strength more than women do. What irritated the Reagan campaign were ads showing Mr. Mondale on an aircraft carrier, F-14 jets nearby, calling for peace through strength.

With Grenada and European deployment of new missiles to show his firmness, the President accused Mr. Mondale of "mistaking weakness for peace." He declared: "My opponent has made a career out of weakening America's armed forces. He's always found one reason or another for opposing vital weapons systems and the modernization of our armed forces."

Tactical Considerations

With the debate just hours away, each side was putting the burden of victory on the other. Reagan aides were claiming a tactical advantage on grounds that President Reagan was cast as underdog who did not have to live up to advance billings. "The American people like this guy," said Michael K. Deaver, White House deputy chief of staff. "They understand he had an off-night. They're rooting for him." Mondale strategists were contending the pressure was still on the President. "Anything short of a very impressive performance is likely to continue the questions about Reagan," said Mr. Johnson. "I welcome high expectations for Mondale because I believe he can satisfy them and because that's another significant step in bringing people to the conclusion that he would be a good next President."

Eilat's only 5 Star Sun is only an hour away

Aviya Sonesta  
Beach Hotel Eilat

attractive packages available  
for information, reservations and  
the weather in Eilat  
call (03)44507, 448887, 461577



# The Nation

## Domestic Issues Also Get Their Due

Though President Reagan and his challenger, former Vice President Walter F. Mondale, spent most of the week prepping for their foreign policy debate tonight in Kansas City and beefing up their arguments as to who is stronger and who is safer, domestic issues were not ignored.

Pressing for Democratic cross-over votes on a Southern swing, Mr. Reagan invoked John F. Kennedy as a likely opponent of Mr. Mondale's \$85 billion deficit-reduction package. "A vision of such dreary mediocrity," Mr. Reagan called it. "Endless tax increases on those who dream of better days." Mondale aides meanwhile worked on broadening their man's message on the dangers of the growing Federal deficit. "To drive home the values of the choices ahead," as Martin Kaplan, Mr. Mondale's chief speechwriter, put it. The aim is to capture two key constituencies, straying union members and young professionals.

In the opinion of some political professionals, by declining an invitation to speak at the Alfred E. Smith Memorial Dinner, Mr. Mondale risked slighting another constituency, Roman Catholics in New York, where Mr. Reagan's lead in opinion polls has been shrinking. But others pointed out that a joint appearance with the President, who did speak, might detract from tonight's debate, and that there was not likely to be much gain from appearing with the Archbishop of New York, John J. O'Connor, who has been actively opposed to the position on abortion of the Democrats' Vice Presidential candidate, Representative Geraldine A. Ferraro.

## Summer's Lag Taken in Stride

"One month of data," Robert A. Gough cautioned last week, "doesn't make a trend." Nor, other analysts were adding, may a quarter's worth. Mr. Gough, senior vice president of Data Resources Inc., the economic forecasting firm, was warning against reading the immensity of serious decline into the Federal Reserve's report that in September industrial production fell six tenths of 1 percent. That is the first drop in one of the broader and more reliable gauges of economic activity since November 1982, when the latest recession ended.

Three days later came the Commerce Department's report on the gross national product, the broadest of all the measures. Growth from July through September was at a 2.7 percent rate — again, the slowest since the recession's close. Some economists, including Preston Martin, vice chairman of the Federal Reserve Board and a Reagan appointee, had begun talking about the possibility of a so-called growth recession — one in which the economy is still expanding, but so slowly that unemployment rises.

The generally accepted break-even point is a 3 percent rate of growth. But at last week's G.N.P. report, private specialists and Administration officials alike turned to a wealth of positive news instead, emphasizing especially the prospect of declining energy costs in last week's oil price reductions by Norway, Britain and Nigeria.

"This third quarter is history already," said Commerce Secretary Malcolm Baldrige. Last week's healthy home sales and consumer spending reports mean, he said, that the summer's marked deceleration from the roaring 10.1 percent of the first three months of the year and the robust 7.1 percent of the spring was a passing phase on the way to the sustained and anti-inflationary 4 percent growth the Administration forecasts. The stock market concurred. Already boosted by drop to 12 1/2 per-

cent from 12 3/4 percent in most major banks' prime interest rate, it took off, closing the week at 1,225.93, up 35.23.

## Union Accepts G.M. Contract

The outcome seemed iffy at times, but last week the United Auto Workers announced that its members had ratified a new contract with the General Motors Corporation.

Union spokesmen said the agreement, rejected by several large locals in the early stages of the two-week voting period, had been approved by 57 percent. G.M. president Roger B. Smith and U.A.W. president Owen F. Bieber signed the contract, which covers 350,000 workers and stresses job security over wage increases, on Friday.

The settlement was preceded by a strike at 17 plants that may have cost G.M. as much as \$200 million. That will apparently be the pattern for Canada. At week's end, some 36,600 U.A.W. workers were on strike against General Motors of Canada. The walkout began after the union rejected a contract that Robert White, U.A.W. director for Canada, called an unacceptable "rubber-stamp copy" of the American pact.

By and large, Canadian workers are less interested in job security — few have been laid off in recent years — than in fatter paychecks. There were warnings that the dispute, which closed down nine plants, could lead early this week to scaling back or shutting down of operations at several G.M. facilities in the United States — most of them in the Middle West — that either depend on parts made in Canada or supply components to plants north of the border.

Negotiators for Ford and the U.A.W. meanwhile reached a tentative agreement on a new three-year contract. Like the just-approved G.M. contract, the Ford agreement — which covers 115,000 employees — provides for such things as retraining workers with at least a year's seniority who lose their jobs to robots or to lower-paid workers abroad. The union's Ford Council, which represents 54 union locals, approved the agreement and set Oct. 28 as the ratification deadline.

## Going For It At the Pentagon

Defense Department officials confirmed last week that when the skirmishing over the budget for fiscal year 1986 begins in earnest in a few weeks, their opening bid may be as high as \$333.7 billion. That is almost 14 percent more than the \$292.9 military budget for fiscal '85 that Congress approved last week. To many analysts it seemed another sign of the Pentagon's never-say-die optimism. Earlier this year, when the Administration proposed a \$305 billion Pentagon budget for the fiscal year that began Oct. 1, even many of the White House's allies in the Senate protested that the Pentagon was being too greedy.

In any event, the figure ultimately set for the Pentagon, as well as the rest of the Government, will depend on such factors as forecasts on the economy, the makeup of the 1985-model Congress, money that will be needed to keep the campaign promises made by Walter F. Mondale and by Mr. Reagan and, naturally, how the Presidential election breaks. If the President wins in a landslide, there was speculation that, the expected protests of budget director David A. Stockman notwithstanding, he would be more openhanded toward the Pentagon; conversely, a close win might result in a much smaller budget request. So, presumably, would a loss by Mr. Reagan. Mr. Mondale has called for a Pentagon spending increase of no more than 3 percent to 4 percent.

Caroline Rand Herron and Michael Wright

## Supreme Court May Shift From Separation to Accommodation

# The Highest Legal Authority Enters Church-State Debate

By LINDA GREENHOUSE

WASHINGTON — Even before the Supreme Court term opened this month, it was evident that the Justices, no less than the rest of the country, were acutely interested in questions of church and state. Already on the Court's agenda were three religion cases, each with the potential to produce a major decision.

But that turned out to be just the beginning. Only three weeks into the term, the Court has already doubled its religion docket by accepting three additional cases, including a new case on the public display of a Nativity scene. The number could grow in the coming weeks, and the result is to guarantee an unusually wide-ranging Supreme Court exploration of almost every facet of the relationship between religion and government, from private worship to public celebration, from the classroom to the workplace.

What that relationship will look like eight or nine months from now, after the Court has decided these cases, is now the question. The issue in the crèche case the Court accepted last week is whether a town whose elected officials decide to bar a Nativity scene from a public park may nonetheless be required to permit it as a constitutionally protected form of religious speech. The other new cases involve the use of Federal funds to pay for special instructional programs in parochial schools and whether a state must honor a motorist's religious objection to being photographed for a driver's license.

## Crucial Questions

The license issue may sound obscure, but the case in fact raises the crucial question of the extent to which a government policy must yield to an individual's religious practice. A Federal appeals court ordered the state of Nebraska to exempt a woman from the photograph requirement as a matter of religious free exercise.

The Court accepted another case last week that raises a religious question but that is likely to be decided on narrower statutory grounds. It is an appeal by an evangelical foundation from a rul-

ing requiring payment of minimum wages to "associates" who work without pay in the foundation's commercial enterprises. The case will probably turn on the definition of "employee" in Federal labor law.

These new cases joined a docket that already included cases on the constitutionality of a "moment of silence" as a substitute for prayer in the public schools; on public aid for parochial schools; and on whether private industry can be required by state law to give religiously observant employees a day off for the Sabbath.

The concentration of cases is unusual but hardly mysterious. The Supreme Court's agenda inevitably mirrors ferment elsewhere in the system. The same political and social forces that propelled the religion issue to prominence in the Presidential campaign, have also pushed religious controversies into the courts.

That is not to say that the Court's role has been purely passive. With virtually a free hand in selecting their docket, the Justices, who accept only about 4 percent of all requests for review, have appeared eager to accept religion cases.

Signs from the Court's majority during the

past two years of a new willingness to relax the barriers between church and state have probably encouraged additional litigation. Led by Chief Justice Warren E. Burger, the Court has shifted from its longtime emphasis on the separation of church and state toward a new emphasis on the need for government to accommodate religion. Those who applaud that trend had grown accustomed to thinking of the Supreme Court as part of the problem. But now, on the basis of such decisions as the ruling last March that upheld a publicly owned crèche in Pawtucket, R.I., they are looking to the Court as part of the solution.

The Court's recent history is not necessarily a guide to how the Justices will view the new crèche case. This case poses the question of a public Christmas display in a particularly novel way. A Federal appeals court in New York ruled that Scarsdale, N.Y., had to permit a local church group to erect a crèche in a public park because, the court reasoned, to bar the crèche from a public forum would be to discriminate against a type of expression on the basis of content.

The appellate court's treatment of the Scarsdale case as essentially a free speech issue places the case at the intersection of the speech and religion clauses of the First Amendment. The case presents the Justices with two analytical challenges. First,

they have to decide whether the crèche in question is the constitutional equivalent of the crèche in Pawtucket that the Court found not to violate the First Amendment's prohibition against an "establishment" of religion. Does it make a difference that the Pawtucket crèche was part of a large, mainly secular display while the Scarsdale crèche stood alone as a singularly religious public acknowledgment of Christmas?

Second, the Court has to decide whether the type of expression is constitutionally equivalent to other types of speech that the Court has ruled must be given access to a public forum. Is there a difference, or at least one that matters for First Amendment purposes, between the symbolism of the crèche and actual speech such as discussion or prayer?

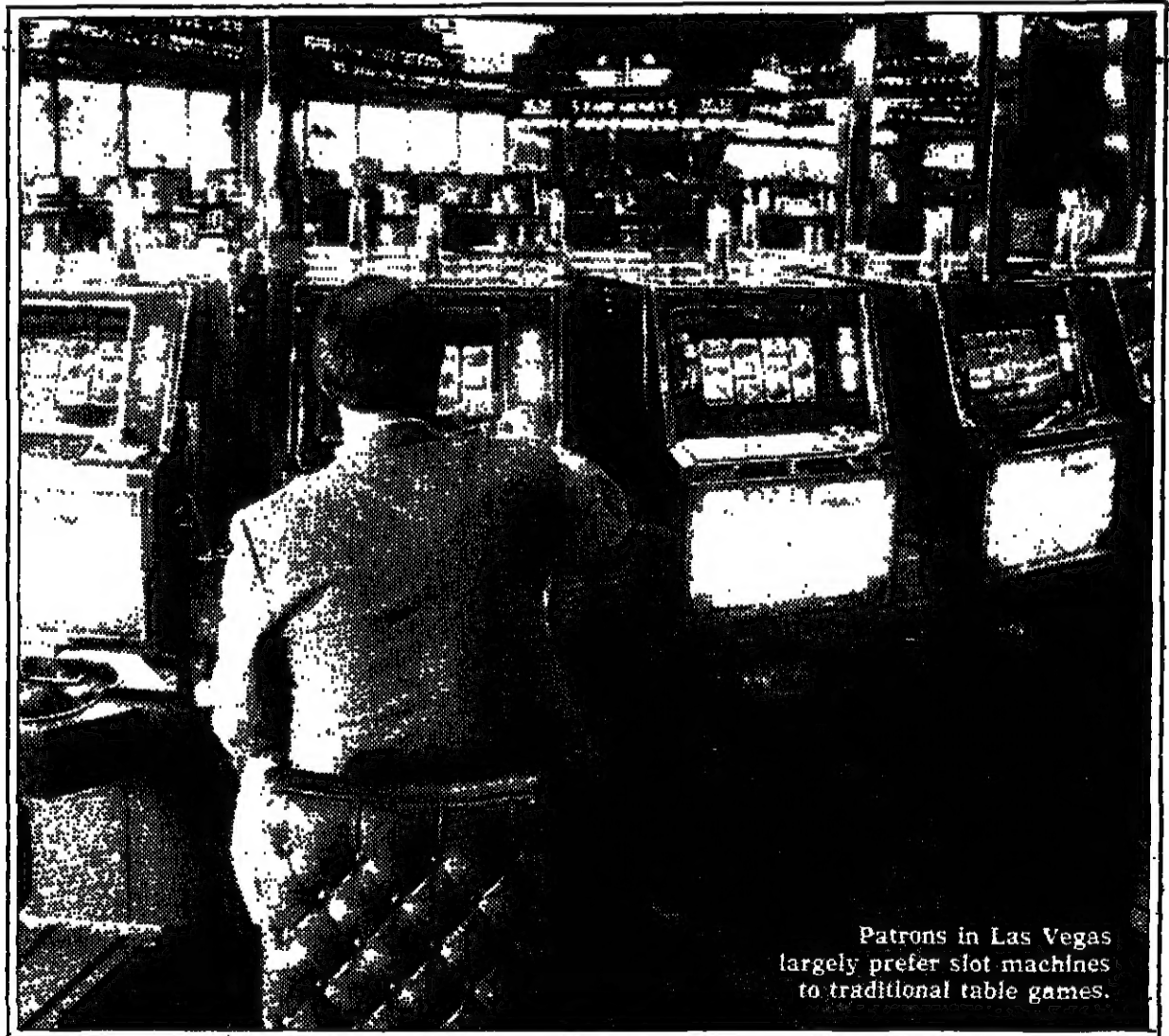
The vote to uphold the Pawtucket crèche last term was only 5 to 4. A majority for the notion that the First Amendment's establishment clause allows a crèche for a community that wants one is not necessarily a majority for the premise that the First Amendment's free speech clause can force a crèche on a reluctant community.



Crèche display in Scarsdale, N.Y.

The New York Times/Edward Hume

## Big Gamblers Find the Boardwalk More Convenient



Patrons in Las Vegas largely prefer slot machines to traditional table games.

The New York Times/Scott Henry

# While Atlantic City Rolls On, Las Vegas Comes Up Losing

By IVER PETERSON

LAS VEGAS, Nev. — Check in for a flight to Las Vegas and chances are that with your boarding pass you'll get a little pack of coupons called a Las Vegas FunBook. Register at a hotel here — other coupons come with the room key, these called FunPak or Fun Spree and the like. A dinner at a different hotel will bring yet another little batch of coupons courtesy of the establishment. All are designed to lure the visitor toward the casinos, lounges and supper clubs up and down the Vegas Strip with offers: for instance, a shrimp cocktail for only 99 cents at the Imperial Palace.

People who remember Las Vegas's boom years say they find it hard to believe that the mighty pleasure palaces that line The Strip would be at all interested in anyone who thought a few dollars off on a shrimp cocktail was worth a detour. Penny-pinchers were never very popular here. But as the coupon offers demonstrate, "Vegas" has changed. It's looking for new customers as it tries to adjust to new competition, a different kind of trade and new technologies.

Sometime in the next six months or so, Atlantic City is expected to surpass Las Vegas in gross revenues and claim the title of national gambling

capital. The rapid rise of Atlantic City since the first dice were tossed in May 1978 has cut heavily into the cream of Las Vegas' carriage trade, the canny crap shooters and card players who came to gamble and gambol in the glittering unreality of the place.

"There is a stereotype you hear about the New York gambler," said William Eadington, an economics professor at the University of Nevada in Reno and one of the state's leading gambling analysts.

"He's a businessman who likes to gamble with cash, a free-spender who likes the casino ambience and who traditionally would fly to Las Vegas two or three times a year to gamble," Professor Eadington went on. "Now he has found out it's easier to go to Atlantic City five or six times a year instead, and that has been a loss to Vegas. That chunk of the market is simply gone, and it has taken the city some time to regain growth."

While Atlantic City was attracting more and more of the East's gamblers, Las Vegas was hit hard by the five-fold devaluation of the Mexican peso in 1982, which served to drive away a lucrative Mexican clientele. And because the Mexican high-rollers' debts were in dollars and their incomes in pesos, many of the big casinos found themselves with millions in bad debts amounting, Professor Eadington estimates, to more than

half of the total gross receipts of some of them in 1982.

As a result, gambling receipts in Las Vegas and the surrounding Clark County, which had been growing at a 15 percent annual rate in 1979 slowed to a 6.3 percent growth rate in 1981 and 3.7 percent in 1982, recovering to 8.4 percent on gross receipts of \$2 billion last year. The rest of Nevada, notably Reno, Lake Tahoe and the upstart town of Wendover, accounted for just under \$1 billion in receipts for the year.

Atlantic City, meanwhile, also felt the effects of the 1981-82 recession, forever exploding the myth that gambling is recession-proof, but has maintained a fairly steady average growth rate of about 10 percent since it opened, and last year grossed about \$1.7 billion. It is worth noting, however, that there are just 10 casinos in Atlantic City, compared to 17 on the Las Vegas Strip and dozens more in the downtown area and outlying reaches of the county.

## A New Clientele

To lure new business, Las Vegas has — reluctantly, some say — embraced the Southern Californians who have emerged as the city's bedrock clientele nowadays. Market studies show that these people typically have less time and money to spend, stay in cheaper accommodations and are less knowledgeable about gambling. By and large, they prefer slot machines or video poker to the old Las Vegas staples, the craps, blackjack and 21 tables.

"I think it's a shame," said Doris Meeker, a cocktail waitress for "longer than you want to know," who thinks Las Vegas has lost some of its old style. "Now it's slots, slots, slots. The old shows are mostly gone, even Caesar's is after the walk-in trade," she said.

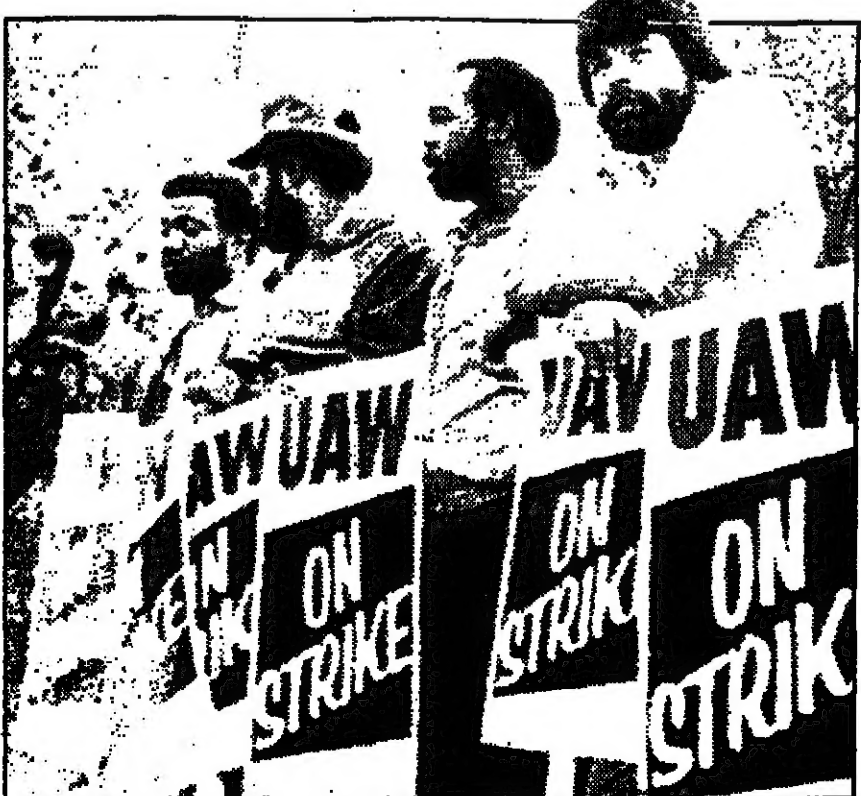
Indeed, Caesar's Palace, the city's premier draw for high rollers, an establishment set far back off The Strip as though to underline its exclusivity, has installed moving sidewalks to whisk strollers in from Las Vegas Boulevard. Circus Circus, one of the more aggressive of the casinos, has installed a huge motor-home trailer park, "The Best RV Park in the World," next door.

Whether because of a decline in the social status of its visitors compared to earlier years, or because of changes in society at large, the action at Las Vegas and all other casino resort towns has also changed, with mechanical gambling — slots and video poker, for the most part — rapidly displacing the traditional table games.

In 1976, for example, there were 23,040 table games and 39,281 slot machines operating statewide in 101 major casinos, according to the Nevada Gaming Abstract, with the table games accounting for 58.2 percent and the slots 31.8 percent of total receipts.

In 1983, in contrast, Nevada had 75,498 slot machines and only 3,900 table games, with the slot machines accounting for 50 percent of the take and the tables only 42 percent.

One reason for the decline in table games, Professor Eadington speculated, is the decline in general understanding of the game of craps, with its intimidating array of options, as veterans of the World War II and the Korean War age. "In Vietnam you didn't have the old sarge out behind the barracks showing how it's done," he said. "The sociology of the game has changed."



Auto workers picketing outside General Motors transmission plant in Windsor, Ontario, last week.



# The World

## Ceausescu of Rumania Crosses East-West Gap

Rumania's Nicolae Ceausescu rarely misses an opportunity to strengthen his claim to the title of outstanding maverick among Eastern Europe's leaders. Last week, he did so again, making a three-day visit to West Germany that was notable because two other leaders in the region, Erich Honecker of East Germany and Todor Zhivkov of Bulgaria, had recently canceled long-planned trips to Bonn.

The cancellations were believed to result from Soviet determination to punish West German Chancellor Helmut Kohl for accepting new American missiles, and to demonstrate Warsaw Pact unity at a time when Moscow is accusing Washington of reviving the cold war.

Mr. Ceausescu, who last summer defied the Soviet-led boycott of the Olympics, made a bow toward the Kremlin by reducing his stay in Bonn from five days to two. He renewed his two-way criticism of the missile buildup in Europe, calling on the United States to halt missile deployment in Europe and on the Soviet Union to take "corresponding

In another apparently thorny encounter last week, Syria's President, Hafez al-Assad, spent three days with Soviet leaders. Moscow newspapers omitted the usual accounts of banquet speeches, prompting diplomats to detect signs of disagreement. Syria is not pleased with recent Soviet overtures to its Arab rivals, Egypt and Iraq. Syrians and Russians are also at odds over which Palestinians to support, with Moscow standing by Yasir Arafat, the P.L.O. chairman. The communiqué issued after Mr. Assad's talks called for "speedy settlement of the disputes with the P.L.O.," condemned American policy in the Middle East and promised continued Soviet economic aid to Syria.

## New Uncertainty In Aquino Inquiry

The uncertainty clouding the 1983 assassination of opposition leader Benigno S. Aquino Jr. at Manila Airport thickened last week. A key witness recanted testimony that he had seen Mr. Aquino shot from behind in contradiction of the official account. "Because of your promises, I acceded hesitantly to confirm what ever statements you wanted me to state," Celso Loterina, a Philippine Airlines employee, wrote to the official citizens investigating board.

An attorney for the military escorts, some of whom were behind Mr. Aquino as he descended from his plane, urged the board to "consider the Loterina letter." But the panel dismissed the "alleged retraction," complaining of "a desperate attempt by some quarters to discredit the board and its findings." It did not identify the "quarters." Staff lawyers of the board have concluded that the slaying was produced by a widespread military conspiracy, but the board has delayed its report.

Also last week, Alexander Orucillo, an opposition party official, was killed near Davao City southeast of Manila, as his wife and 3-year-old child looked on. Family members said men in military fatigue shirts pulled him from his car and shot him.



Rumanian leader Nicolae Ceausescu in Bonn last week.

steps." For his part, Mr. Kohl used the visit to rebut Soviet charges that Bonn nurtures claims to former German territories in Eastern Europe.

The move by Mr. Ceausescu, and last week's visit to France by Janos Kadar, the Hungarian leader, appear to indicate that the superpowers' diplomacy may not always be enough to prevent smaller-power dialogue. In a similar vein and despite continuing coolness between Washington and Warsaw, visits to Poland have been announced by the West German Foreign Minister, Hans-Dietrich Genscher, and Italy's Foreign Minister, Giulio Andreotti.

## Soviet, China Talking Again

Soviet officials last week were reminded anew that Kremlin behavior is often resented, not least by fellow Communists and Moscow's aid clients in the third world.

Soviet Deputy Foreign Minister Leonid F. Ilyichev returned to Peking to resume the deadlocked two-year-old discussions on normalizing relations with China. Deng Xiaoping, China's senior leader, advised visiting Japanese politicians to expect "nothing but a routine meeting" because the Russians had not budged on "the three big obstacles." He referred to Moscow's refusal to withdraw the Soviet forces in Afghanistan, to end Soviet support for Vietnam's occupation of Cambodia and to sharply reduce troops and SS-20 nuclear missiles along China's border. Soviet newspapers blamed Chinese stubbornness for the deadlock. But there has been improvement on less-political issues. Chinese-Soviet trade is expected to pass \$1 billion this year, up 80 percent from 1983.

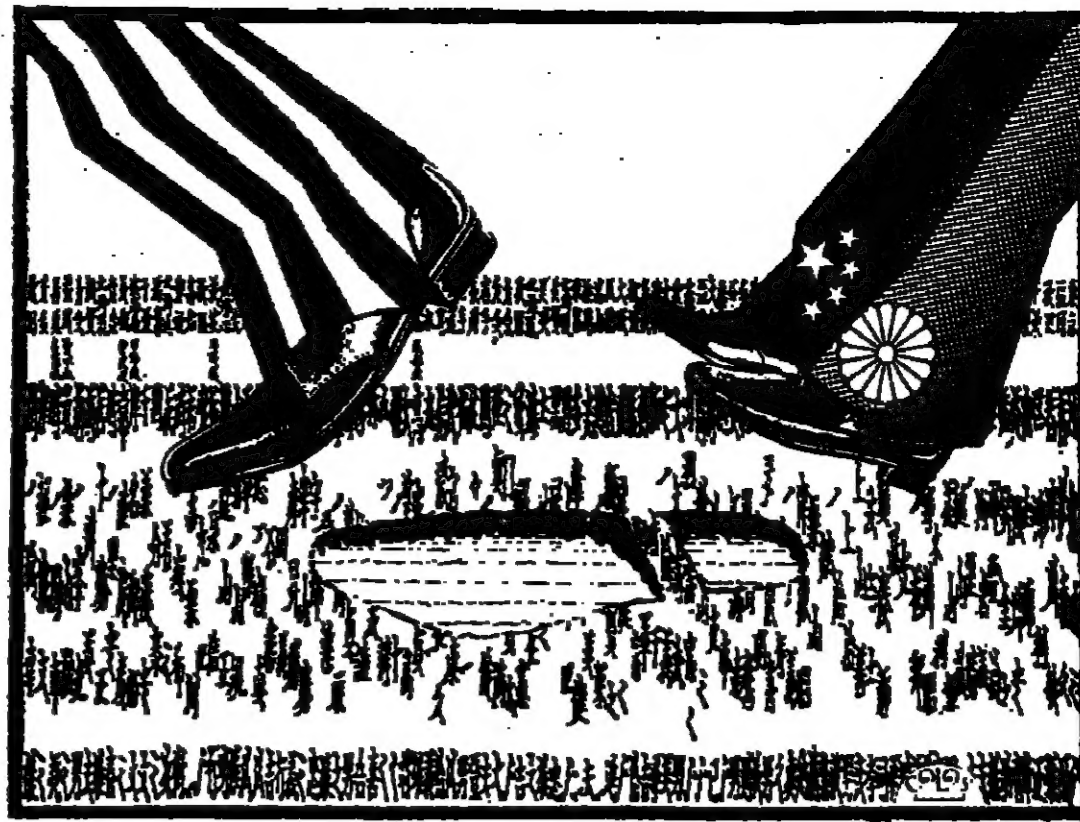
## Verbatim: Mrs. Thatcher on Terrorism

Political leaders 'must never, never be stopped from going among the people by a few men of violence, because that is just what they want.'

'You are dealing with an evil streak in human nature and evil men are just as good at using the latest technology and placing bombs at the most difficult times and most difficult places.'

Prime Minister Margaret Thatcher, in an interview last week, discussing the Irish Republican Army bombing of a Brighton hotel filled with leaders of Britain's Government and Conservative Party on Oct. 12.

## China Is Viewed as Emerging Trade and Technology Leader



Francis Colan

## Southeast Asians Ponder America's Retrenchment

By BARBARA CROSSETTE

BANGKOK — The self-confident free-market nations of Southeast Asia, their buoyant economies only slightly slowed by a recession they seem to have weathered better than most of the developing world, are beginning to plan for the 1990's. Three nations loom large in their plans:

• Japan, whose economic penetration has set off alarms. Last week, Thai students announced a boycott-Japan campaign, and Thailand's Board of Investment chief warned Japanese managers to stop neglecting Thai employees. In Kuala Lumpur, the Japanese have been accused of using the Malaysian Government's "look East" policy to open a one-way street for Tokyo.

• China, which, with its new economic reforms and impending absorption of Hong Kong, holds immense potential. If it stays on course, planners say, through sheer size of market and labor forces, China will eventually outstrip Japan.

• And then there is the United States. What, Southeast Asians ask, are we to make of the Americans? "We have problems with America,"

said Dr. Snoh Unakul, the Columbia University-trained head of Thailand's national development board. For many Asians, the greatest problem is seen as an uncharacteristic American tendency to run from competition and hide behind higher and higher walls of protectionism. The Reagan Administration has exhorted Southeast Asians to develop the private sector. But as new industries gather strength, they almost inevitably run into difficulties with one American lobby or another, like the challenge Thailand has just survived from the canned tuna industry.

From Southeast Asia, American policy can appear to be a collection of sometimes conflicting special interests. Beyond the economic arena, for example, there have been efforts in Congress to cut off aid to Thailand, a crucial ally, because opium poppy fields are not being destroyed. "A strong America as the leader of the modernization process should be able to move like a real leader, not a reluctant and confused leader, which is what is now going on," Dr. Snoh said. Southeast Asians see the United States becoming chiefly an investor, particularly in joint ventures that develop local skills. United States invest-

ment has grown considerably, much of it in energy after the 1970's oil crises. Last year, Americans edged out the Europeans for the first time as Singapore's largest investors. Planners also expect continued American management assistance and communications technology, but the region hopes to expand in those areas, too. Singapore's Prime Minister, Lee Kuan Yew, plans to direct the coming generation in his high tech economy into communications.

For many here, the visible American presence has diminished substantially in the decade since the Vietnam War. American economic aid, about \$30 million annually, is relatively low — only \$5 million more than Australian or West German aid. Japanese officials in Bangkok offer no overall total but say Japanese projects for the first half of 1984 topped \$40 million. Many are highly publicized and imaginative: a ship, for example, that takes Southeast Asian and Japanese youths on intercultural learning cruises.

## Low-Keyed Volunteers

By comparison, Americans, including 200 Peace Corps volunteers, work in relative obscurity, which many seem to prefer. This low-keyed approach, contrasting with the high-profile Yankee military presence of the 1960's and early 70's, is sometimes little appreciated. "I don't understand these American volunteers," said Paul Liou, a Laotian-born United Nations agronomist. "They seem to come here to learn the local culture and criticize their own."

In Southeast Asian cities, daily life brings little contact with American products, except for fast foods, videos, cosmetics and films. Cars are Japanese or Western European; electronic goods, taxis and even fire engines also come from Japan. Mercedes buses carry tourists from Tokyo, Stockholm and Paris. No American airline has regularly scheduled service to Bangkok. American visitors, while up about 10 percent this year, are greatly outnumbered by Europeans and Asians, despite the dollar's strength.

Construction bids in Southeast Asia's booming cities increasingly go to Japanese, who are described by Thai officials as "forthcoming in commitment to funds for infrastructure" and able to work faster and cheaper.

If Americans are being talked about in some circles as people from a bygone industrial age, the Chinese are viewed as people of the future. They have built-in advantages, if ideological gaps continue to narrow, notably through the ethnic and linguistic affinities of overseas Chinese who have long dominated business and banking.

To Dr. Snoh, the Chinese are the new pragmatists. "They have set their minds on the Four Modernizations (in industry, agriculture, science and technology and the military)," he said. "They are building up and institutionalizing this process to a great degree by sending people for training overseas." At the Asian Institute of Technology, near Bangkok, where Chinese students are beginning to join their Southeast Asian counterparts, the institute's president, Alastair M. North, shares this view. "The Peoples Republic will emerge as a major power," he said. "It is a matter of when, not if."

## Economic Troubles Add to Pressure for Withdrawal

## Israel Has Grim Choice In Lebanon

By THOMAS L. FRIEDMAN

JERUSALEM — Almost 30 months after launching an invasion into Lebanon, Israeli policymakers find their options in that country reduced to three choices — bad, worse and worst.

Worst means staying in Lebanon indefinitely at the cost of a dozen casualties a month and \$1 million a day, to insure that northern Israel remains free of guerrilla attacks. This option assumes that Lebanon's Government and Army will never be capable of controlling the south and that effective security cannot be arranged. Israelis do not like to speak about this possibility, but it is at the back of everyone's mind.

The "worse" option would be for the Israeli Army to cast away any hope of a security agreement and withdraw unilaterally, leaving behind whatever rickety South Lebanon Army can be cobbled together. This would mean accepting probable massacres among Lebanese settling scores in the wake of the Israeli pullback, and living with the likelihood that various Palestinian and Shiite Muslim groups would occasionally lob rockets over the border. Israel would return to the policy of tactical military responses to individual threats, which it followed before the invasion. This option has few advocates now, but if frustration continues to grow and the Israeli economy continues to deteriorate, it could become a strong possibility.

The economic pressures are considerable. Last week, the annual inflation rate passed 800 percent while the Government for the first time sought a delay in repayment of \$500 million in debts to the United States. Washington had offered the debt postponement only as a last resort and was taken by surprise when the Israelis quickly accepted. Israel got another boost last week, when Secretary of Defense Casper Weinberger arrived and gave permission for the use of advanced American technology in Israel's Lavi fighter jet.

The "bad" option, but the best of the three, would involve withdrawing from Lebanon in the context of a new security agreement with the Syrians and Lebanese. This is the option Prime Minister Shimon Peres is working on. But it would depend on allocating security responsibility in south Lebanon to so many players that the arrangement could never be totally stable, let alone secure. There would be too many cracks within which various anti-Israeli factions could operate. Their attacks undoubtedly would be sporadic, but could an Israeli Government tolerate even that, given the sacrifices and promises of the last two years?

The Peres plan calls for guarantees that Syrian troops won't move into territory evacuated by the Israelis and that Syria will prevent Palestinian guerrilla infiltration. It requires informal promises from the Shittes and the Druse not to abet attacks on northern Israel. In addition, it



Gen. Antoine Lahd (left), commander of the South Lebanon Army; members of his force with Soviet-made T-54 tank captured by Israelis.

Syria/Miller (Lahd); United Press International

stipulates that United Nations forces would patrol part of the area evacuated by Israel, while the South Lebanon Army commanded by Gen. Antoine Lahd would cover the rest — with help from Israel in an emergency.

The plan has several major difficulties. Syria is unlikely to go on record promising to control the Palestinians or agreeing not to move Syrian troops in Lebanon, much less to condone the Israeli-sponsored Lebanese South Lebanon Army. The Syrians may agree tacitly, but the Israelis are demanding a firm commitment on all points before they pull out. To be sure, the Syrians have agreed to stay on their side of "red lines" in the past, but those lines were developed quietly and gradually, not in the international spotlight. Syria has already rejected expansion of the United Nations deployment zone and letting the South Lebanon Army operate along the border.

## Assessing Syrian Intentions

Israeli policymakers dismiss the Syrian objections as just an opening bargaining position. They believe the Syrians are distressed by the presence of Israeli guns in Lebanon only 15 miles from Damascus and that Syria would like to have Israeli cooperation to stabilize Lebanon so Damascus could concentrate on regional issues such as the new Jordanian-Egyptian alliance.

But Arab analysts in Beirut say the Israelis are miscalculating. They say that at a time when Jordan may be flirting with the peace process at Syria's expense, the Syrians are likely to dig in their heels in Lebanon to demonstrate that they are the only steadfast Arabs and to complicate any negotiations. Nor do the Syrians seem greatly worried about the proximity of Israeli artillery. That would be of concern only in all-out war, which Damascus will not give the Israelis an excuse to launch, Arab analysts say. Israel's big guns are useless against Syrian-supported hit-and-run tactics.

Finally, as the Syrians see it, their policies are working. By making life intolerable for the Israelis, they forced them out of the Beirut area and engineered the abrogation of the 1983 agreement with Lebanon under which de facto relations with Israel were established. By continuing to put stumbling blocks along the Israelis' path, they believe they will eventually get them to withdraw from south Lebanon unconditionally. The Syrians have a chance now to demonstrate something almost revolutionary in Arab-Israeli relations: that the Israeli Army can be forced to retreat from Arab territory by guerrilla warfare. Given the slight counterpressure the Israelis are putting on them, there is little reason to think that the Syrians will want to change their approach.



## C.I.A. Guerrilla Manuals Apparently Violated Presidential and Congressional Orders

## Playing by the Wrong Book On Nicaragua

By JOEL BRINKLEY

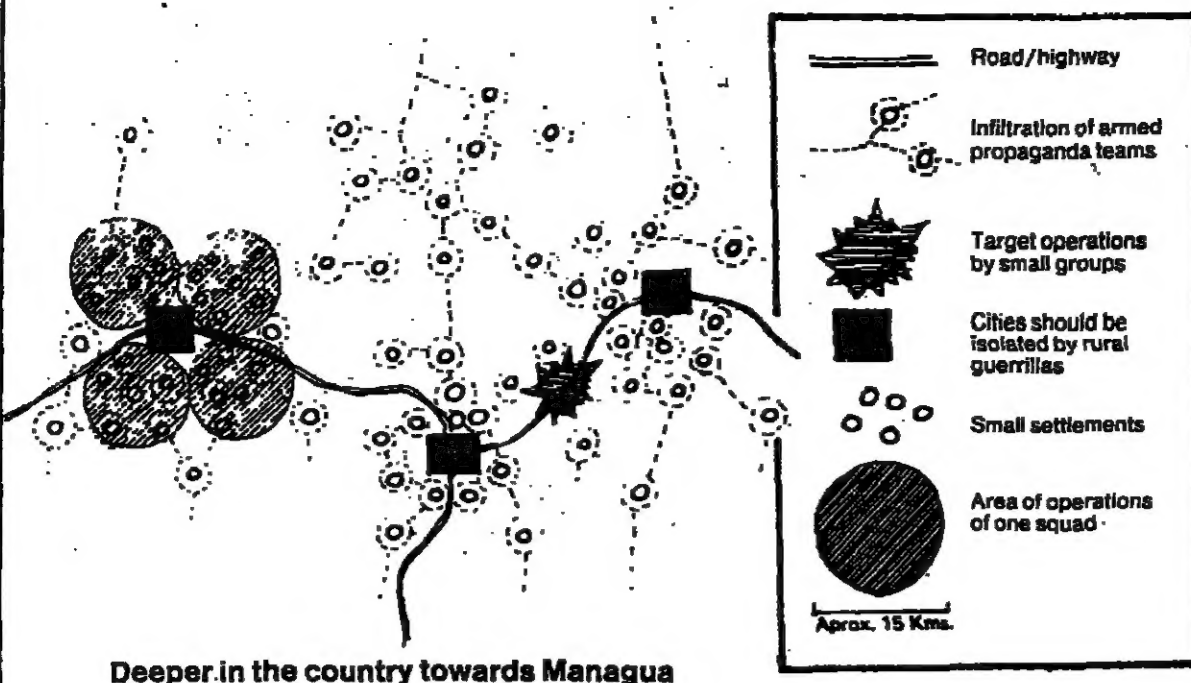
WASHINGTON — Publication of the Central Intelligence Agency's primer on guerrilla warfare in Nicaragua last week revived the national debate over whether the agency is operating out of control. Four investigations of the agency have been announced. The booklet, written for the anti-Sandinista rebels, provides advice on public executions of government officials, on arranging the deaths of anti-Sandinista colleagues so they will become "martyrs," and on blackmailing Nicaraguans to get them to work for the rebels.

For three days after the primer became public, the White House refused to discuss it. Then on Thursday, the House Speaker, Thomas P. O'Neill Jr., called on the Director of Central Intelligence, William J. Casey to resign "forthwith," asserting that Mr. Casey "has permitted the rule of law to be flouted by his subordinates." The same day, the White House declared that the Administration "has not advocated or condoned political assassination." A White House spokesman announced separate investigations to be conducted by the C.I.A. Inspector General and the agency's oversight board. The House Select Committee on Intelligence and the General Accounting Office are conducting their own inquiries. On Friday, Walter F. Mondale, the Democratic Presidential candidate, called on President Reagan to dismiss Mr. Casey.

The House inquiry is expected to examine broad issues going beyond the propriety of publishing instructions on assassination. Representative Edward P. Boland, the Massachusetts Democrat who is chairman of the Intelligence Committee, said the primer "offers proof" that the Administration has been covering up the

## A page from the book

Diagram from the C.I.A. primer on insurgency for Nicaraguan rebels shows how operations should be carried out in a hypothetical region. The wording has been translated from Spanish.



purpose of the war in Nicaragua. Although "Administration officials have always denied this," Mr. Boland wrote in a letter to Representative Thomas J. Downey, Democrat of New York, "the secret war in Nicaragua is not directed against Sandinista arms shipments to Salvadoran guerrillas." The Administration has repeatedly said that its purpose in Nicaragua is to stop the Sandinista Government from spreading insurgency throughout the region.

Mr. Boland said the primer demonstrates that "the war is an effort to overthrow the Nicaraguan Government." Agreeing, Speaker O'Neill accused the President of "hiding behind the bringing of guns and supplies into El Salvador" when "it's obvious that isn't so whatsoever. He wants a change in the Government of Nicaragua."

The primer does not mention other Central American countries. It says, in fact, that the guerrilla move-

ment should "always have a local focus" and should refer to "matters of international nature only in support of local events." The primer explains how to build a guerrilla force that would channel the people into an uprising as part of the "struggle against the oppressive regime that is in power."

Another, even more explicit, C.I.A. publication — a comic book — is also under investigation. It offers instruction to Nicaraguans on committing acts of sabotage. The purpose, it says, is to help "liberate Nicaragua from oppression and misery by paralyzing the military-industrial complex of the traitorous Marxist state."

Mr. Boland's committee is expected to inquire into C.I.A. intentions in the Nicaraguan war. Mr. Boland is the author of an amendment addressing this issue. Adopted by the House 411 to 0 in 1982, it forbids the C.I.A. to spend money in Nicaragua "for the purpose of overthrowing the Government of Nicaragua."

The White House, meanwhile, said its investigations would seek to determine if "there were any violations of law or policy and whether there were any managerial deficiencies." One pertinent policy is a Presidential directive approved by Gerald Ford and reissued by President Reagan in 1981. "No person employed by or acting on behalf of the United States Government shall engage in or conspire to engage in assassination," the directive says. It adds, "No agency of the intelligence community shall participate in or request any person to undertake activities forbidden by this order." Last week, the White House said a preliminary inquiry had indicated that the primer was written by a "low-level contract employee working for the C.I.A." It was "a free-wheeling, freelance sort of thing," a senior official said.

Asked if allowing a contract employee to work out of control of the agency indicated management deficiencies, the official said: "No. The fact is that it surfaced and was caught before anything serious happened." The primer made public was "a first draft," he added; subsequent versions did not contain the offensive material. But Edgar Chamorro, a senior officer in the Nicaraguan Democratic Force, the Honduras-based anti-Sandinista guerrilla group, said in a telephone interview last week that a man believed to be working for the C.I.A. prepared the primer, with help from the rebels, and that there was no second draft. Mr. Chamorro said copies of the primer were widely used for training and that they included all the details now under debate. About 2,000 copies were printed, he added, and the rebels ripped two pages from some copies because "we didn't like some of what it said." He added, "We don't use terrorism."

## Mulroney Eases Some Doubts on Defense but Tricky Trade Questions Remain

## Ottawa Shows Washington Its Warm Side

By DOUGLAS MARTIN

TORONTO — "The Americans are our best friends whether we like it or not," a member of Canada's Parliament said in 1911. His point seems simple and still valid: The two nations share the world's longest undefended border, and are by far the world's leading trading partners. Building on this logic and despite tips of the hat to London and Paris, Prime Minister Brian Mulroney and his month-old Government have given precedence to friendship with the United States since taking office Sept. 17. Mr. Mulroney has already visited the White House and sent his Defense Minister to the Pentagon. Last week, External Affairs Minister Joe Clark welcomed Secretary of State George P. Shultz here.

The message has been music to American ears. Canada has pledged to increase its contribution to the North Atlantic Treaty Organization, to accommodate American objections to its energy and investment policies and to abandon former Prime Minister Pierre Elliott Trudeau's broad policy on third world debt in favor of the country-by-country approach preferred by the

Reagan Administration. Perhaps most welcome to some Pentagon officials who found fault with Mr. Trudeau's preaching about the dangers of nuclear war, Mr. Mulroney has repeatedly urged his countrymen to give Americans "the benefit of the doubt." (Mr. Trudeau had already begun to change many policies perceived as anti-American, but it never seemed to be appreciated.) Mr. Mulroney has established relations with President Reagan warm enough for the occasional off-color joke.

American officials have hinted that there will be rewards. Assistant Secretary of State Richard Burt said the Administration is eager to re-establish "the special relationship" ended in 1971 when President Nixon included Canada with countries subject to a 10 percent surcharge on imports. But so far there have been few tangible changes. Mr. Shultz did not budge from White House insistence that more research is needed before stopping pollution that scientists blame for acid rain, Canada's most crucial bilateral concern. Canadians welcomed President Reagan's decisions against protecting copper producers and limiting steel protection to voluntary restraints, but this was not done specifically for Canada.

Canada has a separate identity largely because

Canadians perceive that it is somehow different from those "loud, more abrasive folks" to the south. Welfare programs, such as national medical insurance, are dear to Canadian hearts. Conservative Republicans have not been. President Reagan was booed in Ottawa in 1981.

Even economic cooperation with Washington is politically costly, despite \$110 billion of annual trade — more than United States trade with Europe and Japan combined. Since 1979, Canada has used tariffs to protect its automobile, forcing manufacturers to produce "inland" a market one-tenth the size of the American. Elections have regularly been lost by free-traders.

## Protectionist Storm Signals

The Mulroney Government has yet to decide whether and how to proceed on free trade for specific industries, a Trudeau policy. By 1987, tariffs on nearly all bilateral trade will be 5 percent or less, but Ottawa fears it may be sideswiped by "Buy America" laws in Congress. Energy regulators recently hinted at security reasons for curbing rapidly growing imports of Canadian electricity. It is still uncertain how Mr. Mulroney will change the Foreign Investment Review Agency, which businessmen believe

forced out investment for nationalistic reasons. More than \$4 billion has left since 1980, and the flow continues.

The new Government is gambling that loosening the lid on foreign money will rejuvenate the economy; unemployment stubbornly hangs above 11 percent. In Washington, the Prime Minister said he cared more about the 1.5 million out-of-work Canadians than the niceties of nationalism. But economists are already raising questions about the availability of the foreign capital that Mr. Mulroney believes is eager to come here. Canada is still largely dependent on natural resources, and global competition is fierce for investment in these depressed sectors. Equally, Mr. Mulroney's promise to end discrimination against foreign oil companies may face difficulties from Canadian companies and provincial governments. And his defense commitments may be jeopardized by Ottawa's record \$23 billion deficit.

But practicality is hardly his weak suit, as the new Prime Minister argues that it is near-sighted indeed to ignore the American colossus. Gone are Mr. Trudeau's efforts at separation — his "third option" of promoting business with other countries, and his attempts to be a moral voice in North-South and East-West matters. During his campaign, Mr. Mulroney repeatedly said that if he were President of the United States, he would thank God every morning that Canada was his neighbor. The new policies are starting to give Mr. Reagan reasons for doing just that.

## Black Students Continue Boycotts Over Inequities

## Education Troubles Haunt South Africa

By ALAN COWELL

JOHANNESBURG — In South Africa's recent history, there are phrases and utterances that recur, like nightmares out of a harsh, unburied past, haunting those in power at present who seek a softer focus on the policies of division.

One such statement was made in 1954 by Hendrik Verwoerd, the theoretician of apartheid who became Prime Minister, when he said that education for black people "should have its roots entirely in the native areas and in the native environment and in the native community."

"The Bantu must be guided to serve his own community in all respects," he said. "There is no place for him in the European community above the level of certain forms of labor."

That premise has changed only slightly since then, with the Government of State President Pieter W. Botha acknowledging that there is a need for skills that whites alone cannot fulfill, and that some — but by no means all — blacks are a permanent feature of urban South African life. It has committed itself, moreover, to redressing some of the imbalances in the racially separate education systems. An integrated education system is among the goals of Bishop Desmond Tutu, General Secretary of the South African Council of Churches, who received the Nobel Peace Prize last week for his campaign against apartheid.

But the suspicion lingers among black educators that the sentiment that inspired Mr. Verwoerd still underpins much of the thinking of the dominant Afrikaners. That is to say, black education is fine, so long as it suits white purposes. That should not surprise: today's education policies will mold South Africa's future and thus are crucial in determining the manner in which the divided nation copes with the impetus for change generated by its own contorted history.

Since May, trouble has spurted and simmered in black high schools near Pretoria and elsewhere in the industrialized, gold-enriched belt of the Transvaal called the Reef. As many as 220,000 high school students have been boycotting classes, demanding, among other things, representative councils and a scrapping of the age limit for final high school examinations.

Some students have become embroiled in a wider confrontation with the white authorities, as student leaders apparently have come to view themselves as the cutting edge of community protest against the policies of racial compartmentalization called apartheid. Those protests have erupted into riots in which more than 80 blacks have been killed since last month, with violence continuing last week.

The Government agency that deals with the education of the 1.7 million blacks outside tribal "homelands" — about one-third of the black pupils within South Af-

rica's traditional borders — has offered no concessions that student leaders have deemed acceptable.

From the perspective of those seeking radical change in education, that is not surprising. The legacies of Verwoerd's doctrine, which removed black education from the sphere of missionaries and placed it firmly among those pursuing racial and social segregation, is pervasive.

Barend du Plessis, formerly the minister in charge of black education, said 78 percent of the 42,000 black teachers under his jurisdiction were under-qualified. Some barely had the qualifications they were supposed to instill into others. Although that ministry's budget has increased five-fold since 1978, according to Mr. du Plessis, the most recent Government statistics indicate that Pretoria still spends six or seven times as much on the education of a white child as on that of a black child.

## 'White' History

Much of the impetus for increased spending on black education came from the 1978 riots that began among students in Soweto, the country's largest black township, and spread to other parts of the country. But the Government has made it clear that any increases in outlays on black education will be made within the overall segregated structure of education in South Africa.

Moreover, according to teachers in Soweto, the central authorities choose the syllabuses so that a black child learning history will be instilled with the views of the 2.8 million Afrikaners who run the nation. One such article of faith is that, once upon a time, South Africa was an empty land that was contested by rival racial migrations and one group, the whites, won.

No account may be taken of more recent suggestions, ad-

vanced by some white South Africans who see themselves as "progressive" and taken in most of the rest of the world as self-evident truth, that blacks were dislodged.

As with most aspects of South African life, that particular wrinkle relates to a sensitive theology wherein black people are deemed to belong culturally and politi-

cally to the tribal "homelands" which, in the white perspective, represent what was the black share before the coming of the European outsiders.

The legacy of Mr. Verwoerd has more practical applications, teachers would argue. The traditional reluctance to educate blacks in scientific subjects — on the theory that they would never need science — has resulted in a dearth of teachers equipped to educate the technically skilled blacks that the Government now says it needs. The pupil-to-teacher ratio in some black schools is as high as 65-to-1, compared with 18-to-1 in white schools.



South African primary school students at morning prayer.

COWELL/Alan Rabinowitz



# Hard Times for Commodities



Charles Walker

By JAMES STERNOLD

IN the dog days of the last recession, commodities brokers were already planning for a strong recovery, expecting that it would stimulate inflation, increase demand, force up commodities prices — and send commissions soaring.

The economy did rebound mightily, but not the commodities industry. Today, the situation is only worsening.

At the heart of the brokers' problems, ironically, are the sound and balanced economy and flat or falling commodity prices. Although these are the triumph of politicians, they plague the industry. Commodities markets, after all, fluctuate most —

to the general benefit of brokers — when supplies or the economy are unsettled.

"We've had good weather, low inflation and a strong dollar," said John J. Conheeny, chairman of Merrill Lynch Futures. "That hurts."

Indeed, the good weather translated into bumper crops and generally low agricultural commodity prices, while the strong dollar made imports cheap and hit such products as oil and gold that are denominated in dollars. Even worse than depressed prices are the generally small price movements, which present few opportunities for trading or profits.

The pinch has been especially bitter for the large securities companies

that bought commodities firms or beefed up their own departments in anticipation of an upswing.

"We've batted down the hatches and are just riding out this slow period," said John C. Whitehead, co-chairman of Goldman, Sachs & Company, an investment banking firm that in 1981 purchased a commodities brokerage, J. Aron & Company. The unit had to lay off about 80 people last year to lower costs. Despite that, according to Mr. Whitehead, it is barely breaking even. "We just hope to do enough business to cover our overhead from month to month," he said.

And, he added, echoing an industry-wide feeling, "I don't see any significant upturn yet. There just aren't any signs of that."

One of the few robust areas, as well as the industry's best hope for coming years, is the futures on financial instruments — such as Treasury bonds and bills, foreign currencies or stock indexes — that are increasingly being snapped up by the newest commodities players: institutions eager to lay off some of the risk in their investment portfolios.

Many long-time market participants describe the slump, heralded by the 1980 silver crash that cost the Hunt brothers a reported \$1 billion in losses, as a cyclical decline and predict an improvement eventually — and then a decline again later in accord with a seemingly immutable law. "I've been around a long time and I expect things will continue much as they have in the past," said Mr. Conheeny. Still, most expect more tough times before a turnaround and wonder if the industry isn't changing in the meantime.

Signs of malaise abound. The latest price paid for a seat on the Chicago Mercantile Exchange was \$165,000. That is down sharply from the record \$380,000 paid in 1980 when people were more eager to climb into the trading pits. The number of registered commodities brokerages rose less than 8 percent in the year ended Sept. 30, said the Commodities Futures Trading Commission, compared with 24 percent growth the year before.

There have been many staff cutbacks, brokerage closings and mergers. "A lot of new brokers jumped in when the markets were doing so well up to 1979 and the established brokers increased their overhead," said Alan J. Brody, president of the New York Commodity Exchange. "Now many aren't growing at a rate that can sustain profitability."

Some established names in the industry are gone. The giant Continental Grain Company got entirely out of the futures business in September. It sold its Commodity Services unit to Refco Inc., another large brokerage, which then dismissed 400 of the unit's 500-member staff.

To cut costs, Merrill Lynch combined a dozen regional commodities offices with its securities operations. Paine Webber has reduced staff by more than 10 percent. The commodities division of Philbro-Salomone Inc., one of the largest commodities dealers in the world, plans to lay off 250 employees by year-end as part of a major restructuring.

Temporary economic factors are not all that plague the industry. Deregulation of commission rates in 1978 stiffened competition, whittling away brokers' margins by reducing fees, in some cases significantly. "This downturn is a bit different because it is the first protracted downturn since negotiated commissions began," said Howard G. Berg, head of Paine Webber's commodities unit. "You feel the squeeze more." Small trades, he said, now cost firms more than the commissions they bring in.

And the generally strong stock

# The Economy

market over the past several years has lured investors away from commodities. "With all the other problems, the bullish equities market put the real kibosh on us," said the former proprietor of a Chicago commodities firm that went out of business this year. Last, high interest rates have made it more attractive to put money in such secure investments as certificates of deposit.

Even now, commodities prices are declining or flat. The recent cut in oil prices by Britain and Nigeria is regarded as both a symptom of the continued deflationary pressures and a sign that further commodities price drops may be coming. The Commodity Research Bureau's Futures Price Index stood at 252.2 Friday, down from 276.1 at the beginning of the year and the record high of 337.6 set in late 1980. Of course, volume rather than prices determines profits, but brokers agree that many, many more investors traded in a bull than a bear market.

Agricultural futures have suffered the most. Total futures trading volume rose almost 9 percent in the first three quarters of the year from a year earlier, to 114.8 million contracts, according to the Futures Industry Association. But trading volume in the agricultural commodities fell 9 percent while financial futures volume jumped nearly 38 percent.

THIS shift toward the newer contracts has been dramatic. In 1980, trading in agricultural futures made up 64 percent of the market, and the various financial futures only 18 percent. In the first 9 months of this year agricultural trade made up only 34.4 percent, while the financial products had jumped to 47.6 per-

cent. An option is the right, not obligation, to buy or sell at the future date, and requires the up-front payment of a premium. Both instruments are used extensively by hedgers and speculators. They are excellent vehicles for speculators because they require only a small amount of cash to be put up relative to their face value.

Just as financial futures have changed the product mix, they are also changing the players by attracting institutional investors. Banks, insurance companies and pension funds now regularly use financial futures to hedge their fixed-income and stock portfolios, and brokers view them as the largest potential source of new business. But the institutions also provide new competition. Such banks as Citibank, Bank of America and the Morgan Guaranty Trust Company look upon the financial futures as part of their traditional realm, and have built brokerage departments.

The small speculator is traditionally fickle and has reconfirmed his record for skittishness in the current downturn. "The big change now is that the number of new customers is drastically down. The cowboys are gone," said P. David Scott, a retail broker in New Orleans for Paine Webber. He attributed this to the bear market in the most glamorous of commodities, gold, which is a powerful drawing card for smaller investors when it is hot.

Discount brokers have also drawn away small investors. The competition in this area has been intense, too. "If you don't pick up the phone by the third ring, the customer figures you're out of business," said Charles B. Epstein, a vice president of Lind-Walck & Company.

## Prospects

### Inflation Engine Sputters

The stock and bond markets reacted to the break in oil prices last week with euphoria — despite a worry among some experts that plunging oil prices could mean big problems with third-world debt down the line.

David B. Bostian, who heads an economic research group bearing his name, says that lower oil prices — "which have potentially earthshaking economic consequences" — will already be reflected in the September Consumer Price Index due out Wednesday. Few economists expect the figure to show much change from August when the CPI rose 1.3 percentage points above the July level.

With oil prices "no longer the engine of inflation," Mr. Bostian said, consumer prices may be held in check for some time to come. And that could mean much lower interest rates — which explains the stock and bond market surges.

Mr. Bostian says the sharp oil price run-up in the 1970's had "more to do with the inflationary bulge than many thought." Oil's cost, he said, "had a radiating effect" on many other petroleum-related products, and also affected "pricing psychology in general." A crack in OPEC will cut gasoline prices, he said, but, more importantly, could lead to price breaks all over.

Any worry over lower oil prices focuses on whether the drop in revenues will make it impossible for some producer countries to pay their heavy debts to money-center banks. But that, said Mr. Bostian, would take a drastic and long-lasting drop in oil prices.

### The Money in Suitcases

More Americans — backed by a strong dollar and sturdy economy — have been traveling. And that's good news for luggage makers.

According to Robert S. Diamond, president of Wings Luggage, one of the oldest family-owned manufacturers, Americans will spend an estimated \$1 billion on luggage this year, compared with \$800 million in 1983. The fight for those sales among the 300 or so luggage makers worldwide will be intense, though. The Big Four domes-

tic luggage makers — General Mills (Lark), Beatrice Foods (Samsonite), Lenox China (Hartman) and Hillenbrand, the nation's leading coffin maker which also owns American Tourister — will have to compete not only with Wings and other smaller companies, but with European brands. Mr. Diamond estimated that luggage imports will account for 50 percent of 1984 sales, up from roughly 35 percent last year.

The foreign competitors, such as Italy's Gucci and France's venerable Louis Vuitton, are making inroads by marketing luggage as a color-coordinated fashion accessory. Vuitton luggage can cost several thousand dollars, as opposed to \$300 for a Tourister set.

### 'Amazing' Wage Restraint

Rarely has a combination of economic expansion and rising employment produced such low wage pacts as were negotiated recently in the auto and other major industries. D. Quinn Mills, professor of business administration at the Harvard Business School, said the trend "is amazing because the second full year of economic expansion and the attendant decline in unemployment is normally accompanied by much higher wage settlements than the rise of 3.5 to 4 percent that the Government is expected to report for the third quarter."

What's holding back wages? "The flood of imports caused by the strong dollar, and deregulation of the transport and other industries have exerted downward pressure on wages," Professor Mills answered.

He says the trend is likely to continue. Tougher competition at home, cheap imports and the anti-union mood of government and of the general population apparently have many unions on the run — and many union leaders moderating wage demands to save jobs.

### The Spice of Life

Meat-and-potatoes fanciers step aside, the boom in ethnic foods has spiced up sales of "food enhancers." "We no longer eat what were basically European diets, in which salt and pepper were the main food enhancers," said Doreen Higgins, in a recent report for Frost & Sullivan, the consulting firm. "Instead, we now eat less meat and flour-based gravies and more ethnic foods made with herbs, spices and other flavorings."

Sales of food enhancers this year are expected to rise 25 percent. Last year, the bill for herbs and spices alone came to more than \$500 million. Consumers also paid \$100 million for special mustards, over \$200 million for gravies and \$200 million for meat sauces.

H. J. Maidenberger

## WEEK IN BUSINESS

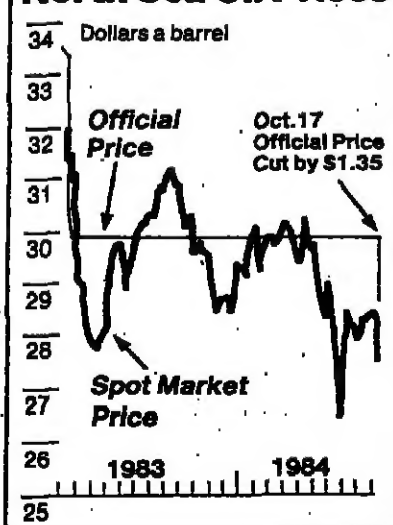
# Unexpected Drop in the Price of Oil

Price War. Cuts in oil prices, starting in Norway and continuing in Britain and Nigeria, surprised almost everyone, and markets — ranging from stocks to currency — went into a tizzy. Although oil has been trading in the spot market at well below benchmark prices, the formal cuts acknowledged that the worldwide glut is beginning to affect oil producers' revenues. Britain cut its benchmark by \$1.35 a barrel, to \$28.65, and there was general expectation of a global price drop.

OPEC seemed worried that Britain's move — and Nigeria's undercutting, by \$2, of OPEC's \$30 benchmark — threatened its solidarity, and scheduled an emergency meeting for Oct. 29. The view was that OPEC would ask members to cut production but leave prices unchanged to tighten supply.

Slowing Growth. The Government said the economy expanded at a lackluster rate of 2.7 percent in the third quarter, considerably lower than earlier in the year and much lower than the 3.6 percent "flash" estimate. Factors cited in the drop included restrained capital spending and a shift from production to consumption. Some refused to call it a slump, noting that a low rate keeps inflation in check without stagnation. The consensus prediction for fourth-quarter growth is 4 to 4.5 percent.

### North Sea Oil Prices



Still, some economists worried that such a dramatic slowdown from the first quarter's 10.1 percent pace could be a sign of a growth recession — with slow expansion but rising unemployment. Those economists have found that many of their recent forecasts were off target, and they reason that employment could become the first victim of an economy struggling to maintain growth.

Optimists and pessimists both cited the week's indicators: Industrial out-

put fell six-tenths of 1 percent in August after a 22-month rise, and factory use fell to 81.9 percent. Personal income rose a surprising nine-tenths of 1 percent in August, but spending slumped 1.4 percent. Housing starts rose a robust 8.9 percent, but permits for future construction fell. Inventories jumped eight-tenths of 1 percent, but sales fell.

A cut in the prime rate worked its way through the major money-center banks. But Wells Fargo cut its prime, from 12 1/4 percent to 12 1/2 percent, on Sept. 26, and it took more than two weeks for other big banks to move. Bankers Trust chose 12 1/4 percent, while most others went to 12 1/2 percent. Analysts, somewhat surprised at the disagreement, noted that though the Federal funds rate has been falling, and is below 10 percent, it is still volatile, making banks unsure about the future cost of money.

To Market, to Market. Several days of unremarkable markets were eclipsed Thursday and Friday by a trading frenzy that saw the Dow industrial average soar more than 30 points over two days. Volume exploded to 187 million shares on Friday. In the credit markets, bond prices rose about 2 1/2 points over two days. The gains were attributed in part to the oil price cut, which bolstered energy-dependent stocks, the revised G.N.P. figure and a feeling

that interest rates are headed down. In addition, the nation's basic money supply fell \$2.9 billion, when it had been expected to rise about \$1 billion. The Dow Jones industrial average ended the week at 1,225.93, up 35.23.

Dizzying Dollar. Britain's oil price cut sent the dollar soaring against the pound, but it fell against other currencies after the West German central bank intervened to support the mark by selling dollars. The pound and dollar both took beatings later in the week. Some analysts said the dollar's phenomenal rise in the past few months has ended; others said it was a temporary setback.

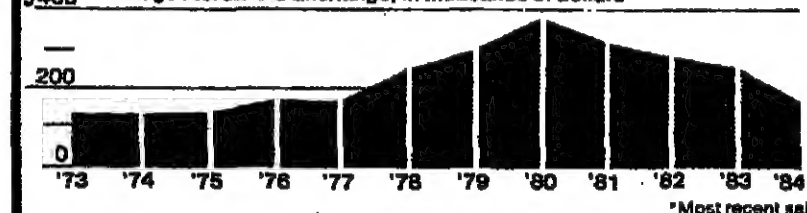
A value-added tax is unlikely, Treasury Secretary Donald T. Regan said, because it is too "contentious" and unneeded. But he said the Treasury is playing "what if" games to see what effects other types of tax changes might have.

Let's Merge. Klöckner and Krupp, two of Germany's largest steelmakers, appear on the verge of an agreement that would merge their steel operations and create the second-largest private steel company in Europe. The move could let both companies compete more effectively in the slumping European steel industry.

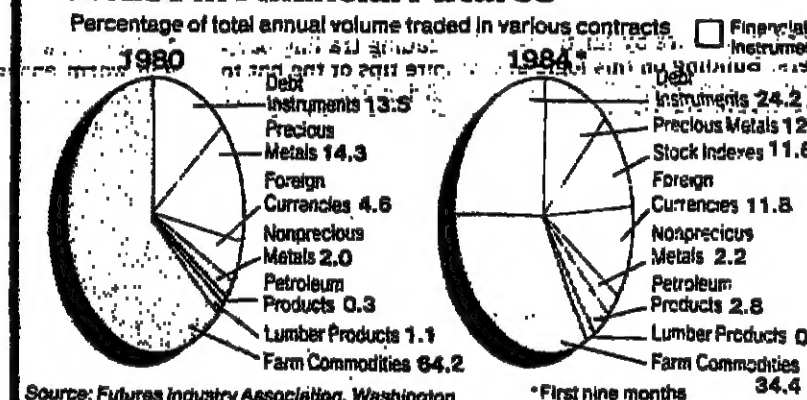
Merrill Perlman

### A Drop in the Entry Fee

Highest price paid in each year for a seat to trade contracts on the Chicago Mercantile Exchange, in thousands of dollars



### A Rise in Financial Futures



cent of total trade. Precious metals, the next most active category, slipped to 12.5 percent of trade this year from 14.3 percent in 1980. Petroleum, lumber and non-precious metals contracts make up the rest of the market.

The industry that will emerge from this slump will differ greatly from the one that went into it, largely because of the growing use of financial futures and options. A futures contract is the obligation to buy or sell, at a prearranged date and a set price, an underlying commodity or instrument. It is the principal means by which commodities are traded on the country's exchanges. The contract can be closed out before it matures with the purchase of an offsetting contract and the loss or gain in value taken in cash.

The institutional customer, whose orders are larger and more consistent than those of smaller investors, is thus being eagerly courted these days. Among the large brokerages, Prudential-Bache claims it is having a record year in futures because of better institutional business. Frederick Horn, the commodities division head, said savings and loan institutions provide 60 percent of Prudential-Bache's institutional business.

Financial futures are also helping bridge the securities and commodities businesses. Mr. Conheeny said that Merrill Lynch has instituted a new strategy of focusing on its equities customers as potential commodities buyers, seeing futures as a normal constituent now of a retail customer's investment portfolio.

### The New York Stock Exchange

#### MOST ACTIVE STOCKS

WEEK ENDED OCTOBER 19, 1984  
(Consolidated)

Company	Sales	Last	Net Chng
Exxon	9,991,800	41 1/2	- 3/8
AT&T	7,309,300	19 1/2	+ 1/8
Am Exp	6,838,200	37 1/2	+ 2 1/2
Am Rich	6,710,200	46 1/2	+ 4
IBM	6,217,700	125	+ 3 1/2
Mobil	5,996,400	28	+ 1 1/2
MerLyn	5,613,400	30 1/2	+ 1
Ford M	5,585,300	50	+ 3 1/2
G Mot	5,346,700	80 1/2	+ 3 1/2
Schib	5,271,500	40 1/2	- 3 1/2
Chrysl	5,230,100	32	+ 1 1/2
AMR	5,106,800	31	+ 1 1/2
Fed N M	4,735,000	16 1/2	+ 1 1/2
Rale Pur	4,470,600	33 1/2	+ 1
N Ind PS	4,363,700	14 1/2	...

#### Standard & Poor's

400 Indust	190.0	183.4	188.3	+3.61
20 Transp	143.6	136.3	141.0	+3.64
40 Util	75.4	71.3	74.4	+2.98
40 Financial	18.3	17.6	18.3	+0.64
500 Stocks	169.6	163.7	167.9	+3.76

#### Dow Jones

30 Indust	1248.0	1185.7	1225.9	+35.23
20 Transp	555.6	514.7	542.7	+25.34
15 Util	148.0	139.8	144.8	+4.05
65 Comp	498.7	469.0	487.3	+16.28

### The American Stock Exchange

Company	Sales	Last	Net Chng
Wang B	2,907,800	27 1/2	+ 1 1/2
GlC	1,442,400	12 1/2	- 1 1/2
DomeP	906,500	15 1/2	- 1 1/2
BergB	736,400	23 1/2	+ 1 1/2
BAT	718,400	3 1/2	-3/16
Kirby	696,100	4 1/2	...
CmpCn	657,600	10 1/2	- 3/8
TE	582,300	9 1/2	+ 1 1/2
TexAir	562,200	9 1/2	+ 1 1/2
ChmpH	523,200	3 1/2	+ 1 1/2

#### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,518	1,158	2,267	220	50
Prev. Week	1,568	2,231	84	59

#### VOLUME

Same Per. 1983	Last Week	Year To Date
606,755,730	18,841,340,383	17,438,801,402

#### WEEK'S MARKET AVERAGES

High	Low	Last	Change
112.8	109.5	112.0	+1.36
90.5	88.1	88.3	+3.36
50.9	48.9	50.4	+1.62
96.8	93.1	96.0	+3.01
97.7	94.6	96.8	+2.07

#### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
431	332	901	44	43

#### VOLUME

Same Per. 1983	Last Week	Year To Date
33,339,715	1,229,979,660	36,058,930



# The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935  
ARTHUR HAYS SULZBERGER, Publisher 1935-1961  
ORVILLE D. DRYFOOS, Publisher 1961-1963

ARTHUR OCHS SULZBERGER, Publisher  
A.M. ROSENTHAL, Executive Editor  
SEYMOUR TOWSE, Managing Editor  
ARTHUR GELB, Deputy Managing Editor  
JAMES L. GREENFIELD, Assistant Managing Editor  
LOUIS SILVERSTEIN, Assistant Managing Editor  
MAX FRANKEL, Editorial Page Editor  
JACK ROSENTHAL, Deputy Editorial Page Editor  
CHARLOTTE CURTIS, Associate Editor  
TOM WICKER, Associate Editor  
JOHN D. POMFRET, Exec. V.P., General Manager  
LANCER R. PRIDIS, Sr. V.P., Advertising  
J.A. RIGGS JR., Sr. V.P., Operations  
HOWARD BISHOP, V.P., Employee Relations  
RUSSELL T. LEWIS, V.P., Circulation  
JOHN M. O'BRIEN, V.P., Controller  
ELISE J. ROSS, V.P., Systems

## The Debate and the Spin Doctors

Tonight at about 9:30, seconds after the Reagan-Mondale debate ends, a bazaar will suddenly materialize in the press room of the Kansas City Municipal Auditorium. A dozen men in good suits and women in silk dresses will circulate smoothly among the reporters, spouting confident opinions. They won't be just press agents trying to impart a favorable spin to a routine release. They'll be the Spin Doctors, senior advisers to the candidates, and they'll be playing for very high stakes. How well they do their work could be as important as how well the candidates do theirs.

Two verdicts will be at issue. The first is the one that television millions will reach themselves. The second is the verdict the public will seek from the reporters, pundits and experts who follow politics and try to keep the candidates honest.

The first verdict can be affected by the second. According to an ABC News poll the day after the first Reagan-Mondale debate, the score was Mondale 39, Reagan 38. According to a poll three days later, after expert opinion had sunk in, the score was Mondale 55, Reagan 18.

It's that apparent impressionability that causes some people to worry. They fear that the emphasis on the debates cheapens democracy, turns campaigns from issues and substance to melodrama and emotion. That's a harsh view, and, on reflection, it's unduly pessimistic.

Campaigns are changing, in part because of television, but they're becoming more democratic, not less so. It's healthy when more people can see more of the candidates, under pressure that creates credibility. It's healthy when the public can hear what students of politics think.

Why shouldn't people judge the candidates with their own eyes? We spend our lives learning how to judge others by all kinds of cues. We make candidates answer unspoken questions like, Does he know what he's talking about? Is he defensive? Saccharine? Snarling? The answers help resolve the Inner Debate.

The questions in the Outer Debate are more like school: Who knew the answer? Who blundered? Who scored points in rebuttal? And it's concerning these questions, which turn heavily on information, that laymen have a right to expect the media to play a mediating role.

In a country with a state network or a Government line, such mediation would be dangerous. Not here; even with the Spin Doctors at work, the printed page and the TV screen offer a range of judgments, like the gymnastic judges at the Olympics. And anyone who mistrusts them can spin something else: the dial.

## Apollo and the Dwarfs

The Apollo Project to land men on the moon presented technology in its best light — an imaginative use of high skills to accomplish a stirring and peaceful purpose. But that high venture began in the subterranean factories of Nazi Germany. And the links between the light and the dark were direct: The project manager for Apollo's Saturn 5 rocket, Arthur Rudolph, turns out to have been the production manager in charge of slave laborers who built the German V-2 missile.

Mr. Rudolph was one of 118 German rocket engineers brought to America after World War II. The Department of Justice, belatedly examining Mr. Rudolph's past, announced last week that he has resigned his American citizenship rather than face deportation charges that he "worked thousands of slave laborers to death."

Most were prisoners of war. They worked in underground tunnels built to protect the missile factory from air attack. Conditions were so appalling that even Albert Speer, Hitler's economics minister, described them as barbarous. "Some of the workers we talked to, grown men, broke down and wept recalling the conditions in that factory," notes a Justice Department official.

There was no heat or ventilation in the tunnels.

Living underground, the prisoners worked 12-hour shifts, seven days a week. Beatings and executions were common. On one occasion Mr. Rudolph attended the slow hanging, before the rest of the workers, of 12 prisoners accused of sabotage. Out of a labor force of 60,000, 20,000 to 30,000 were killed.

Could the German rocket engineers not have known about the means used to realize their designs? Did the United States so desperately need the skills of this unsavory crew that it was willing to ignore their crimes? As the cold-war intensified, American authorities seemed less inclined to press their inquiries. The inventive dwarfs who worked men to death in dark tunnels for Hitler's ends were as happy to work for the Army or NASA.

Rocket-building is no easy art. Constructing the V-2 missile, especially in wartime conditions, was a remarkable technical achievement, the fruit of an effort equivalent to the Manhattan Project to develop atomic weapons. The first rockets developed after the war, in the Soviet Union as well as in America, were mere adaptations. Talented men can work for an evil cause. Too bad that Mr. Rudolph's talents were also judged essential to an untainted one.

## Court Calling

Suing, or getting sued, in a New York civil court can cost thousands even before the matter comes to trial. That's because hourly fees mount up fast for lawyers who must fight through traffic to get to court, then often wait hours merely to argue a pretrial motion for a few minutes.

Similar expense and irritation prompted a sensible innovation in Los Angeles: pretrial arguments by phone. Courtrooms are wired for speakerphones and lawyers from both sides join the judge in a conference call; clients are billed only for the time

spent in actual argument. Once before the bench, most pretrial motions are handled quickly and don't require any witnesses.

The system was tried out in one Los Angeles courtroom for several months and worked so well that it's been extended to four others. The idea seems eminently transplantable to New York. It cost \$10,000 to set up speakerphones in five Los Angeles courtrooms. Litigious New Yorkers could recoup the investment in a week.

## Topics

### Two Myths and a Legend

#### No Dollar Gap

Of the 535 members of Congress, only 24 are women, and it has long been thought that a big reason is that women candidates have a much harder time raising campaign funds. Not any more.

It was true only a few years ago, but now the amounts collected by male and female candidates are nearly equal, according to a study of recent House races conducted by the Women's Campaign Fund, a group that assists Republican and Democratic women seeking elective office.

According to the study, in 1982 women Congressional candidates raised just as much on average as men in comparable elections. Women running in districts with open seats actually raised more on average than their male counterparts. Women generally run as challengers, against incumbents and all the fund-raising and other advantages that incumbency brings. Even so, contributions to all female candidates in 1982 averaged 93 percent of what was raised by the average male contender. In 1976, the figure was just 67 percent.

That's not only a reassuring finding about the present but also about the future. The presumed inability of women to raise the large sums

needed to wage a successful campaign has deterred many qualified candidates. Demythologizing out-of-date perceptions of a financial gender gap is an important step toward expanding political participation by women.

#### The Age of Giants

A new and strikingly complete skeleton of *Homo erectus*, a species ancestral to humans, has been found in Kenya by fossil hunter Richard Leakey. Its position between datable layers of volcanic ash puts the owner's death at 1.6 million years ago. The skull has the beetle-browed look of Neanderthal's but from the neck down the skeleton is so similar to that of present-day people that a pathologist wouldn't notice the difference.

Mythologists may trace human descent from giants but paleontologists have always assumed until now from the scraps of bone at their disposal that earlier humans were short in stature. The new find, says Mr. Leakey, is that of a "strapping youth" who would have grown 6 feet tall had he not died at age 12 amid the swamp grasses of what is now Lake Turkana. At 5 foot, 5 inches, he was taller than many of today's 12-year-olds.

Though a single find is not much of

a sample, perhaps the mythologists were on to something.

#### Alberta

A gardener's adage holds that the oldest trees yield the sweetest fruit. Before her death at 89, Alberta Hunter showed how that can apply to singers, too. One of the last of the classic blues singers, Miss Hunter returned to the stage in 1977 after a 20-year absence. All that time, she had worked as a scrub nurse in Goldwater Memorial Hospital on New York's Roosevelt Island.

But she hadn't lost the voice that gave her a reputation rivaling Bessie Smith's. So the owner of a Village cabaret, Barney Josephson, took a chance by arranging her comeback at the Cookery, where she became a fixture after her "debut" at 82. Audiences who knew nothing of her legend succumbed afresh when she sang her old songs, intermingled with impudent asides about life and love.

Miss Hunter chose silence and nursing in 1954 after her mother's death. She decided that she ought to do something for others. Having paid her dues, she sang again, thereby disproving another adage — that there are no second acts in American lives. Hers had three glorious ones.

## Letters

### Prescribing a Cost-Control Cure for Medicare

To the Editor:

Your Oct. 12 editorial on Medicare is a disservice to responsible public discussion of an issue that affects 30 million elderly and disabled Americans.

All sides agree that the Medicare trust fund will soon be bankrupt unless reforms are made, and that the excessive cost of the program has become a major budget burden. But contrary to your editorial, there are major differences between the Reagan and Mondale positions that should be clearly understood.

President Reagan has consistently misrepresented his record. In 1981 and 1982, he signed into law benefit cuts and premium increases that will cost Medicare beneficiaries \$7 billion between 1985 and 1989. In

his 1984 and 1985 budgets, he proposed — although Congress largely rejected — an additional \$24 billion in benefit cuts and premium increases for the same period.

The President blithely denies he ever proposed any cuts in Medicare, yet if all his proposals had been enacted and combined with the 1981 and 1982 cuts, Medicare protection would be \$1,000 lower for every elderly and disabled beneficiary. This kind of reduction in Medicare benefits is indefensible; the elderly already must pay an average of one dollar in every seven of their limited incomes to purchase the medical care they need.

Burned by the issue, the President is now refusing to say how he would

deal with the Medicare crisis; he has not even taken a position on the recommendations of his own advisory commission, headed by Otis Bowen, former Republican Governor of Indiana. Everyone knows that something will have to be done in the next Administration to avert Medicare bankruptcy — this is the source of Walter Mondale's legitimate assertion that Mr. Reagan has a secret plan for further benefit cuts.

By contrast, Mr. Mondale offered his own solution for Medicare even before his nomination. His proposal is similar to the rescue plan that Representative Richard Gephardt and I introduced in Congress last March and which relies on controls over the excessive inflation that has been driving health costs upward for the past decade at two or three times the inflation rate of the rest of the economy.

By placing strict limits on the rate of increase in all payments to providers of inpatient hospital services — not just payments made by Medicare — and by encouraging state governments to take responsibility for administering the program, our approach is designed to eliminate the incentives for inflation in the current system and to build on the experience of the 10 states (including New York) that have such cost controls in place.

Experts estimate that such a plan can assure Medicare solvency through the year 2005 — the period covered by long-term projections — and reduce the Federal deficit by \$20 billion to \$30 billion over the next five years, without benefit cuts, premium increases or increases in the payroll tax.

There are three ways to deal with Medicare: cut benefits, raise taxes or control costs. President Reagan won't control costs, because he would have to tackle the powerful medical-industrial complex; President Mondale will, which means the elderly will be spared the new burden Mr. Reagan has in store for them if he's re-elected.

EDWARD M. KENNEDY  
U.S. Senator from Massachusetts  
Washington, Oct. 18, 1984

### Victims of Surprise Military Operations

To the Editor:

The midweek of your editorial on the Pentagon war press pool ("The News Brigade," Oct. 12) was astonishing. After all, the Department of Defense, in announcing rules for press coverage of surprise military operations, had just flagrantly attacked two key principles of democracy.

In our system, the President cannot declare war or intervene abroad militarily without the consent of Congress — and yet, that this will be done is the unmistakable implication of the word "surprise."

Simultaneously, we are put on notice that the Pentagon reserves for itself the privilege of managing and restricting press coverage of its surprises, of imposing arbitrary press blackouts, therefore, and censorship. So much for the people's right of a free press in a democracy.

Your editorial complained that some few more newspaper reporters should have been included in that farcical arrangement of a press pool. I think you could have noticed that the White House repugnantly as-



sumes for itself despotic powers which it condemns in other regimes. I think it could have been stated that the Reagan Administration wants to do violence behind closed doors and that it does not hesitate to say so.

MAX KOZLOF  
New York, Oct. 13, 1984

### Salvador or Nicaragua More Democratic?

To the Editor:

Six months ago, The Times praised elections in El Salvador as a "laudable" step toward democracy (editorial, March 25). Now you call the coming elections in Nicaragua "a sham vote" (editorial, Oct. 7). Do the facts support such divergent conclusions?

Democracy in Nicaragua is imperfect by many standards. Opposition candidates, though free to campaign, are sometimes harassed by pro-Sandinista zealots. Opposition newspapers, though free to publish, are handicapped by censorship. Villages suspected of aiding the contras have, on rare occasions, been involuntarily relocated away from the war zones.

In El Salvador, by contrast, suspected opposition sympathizers are murdered by death squads and the Army — over 40,000 at last count. Opposition newspapers no longer exist; opposition journalists are dead or in exile. Villages suspected of supporting the F.M.L.N. rebels are devastated by aerial bombing — most recently with napalm and white phosphorus, according to various reports in the press, including The Times.

Which of the two countries, then, is to be considered the more "democratic"?  
ALAN SOKAL  
New York, Oct. 7, 1984

### Arms Control For Beginners

To the Editor:

In "A Plum for Gromyko?" (column, Oct. 1), William Safire makes some good points. But his argument turns out to be as one-sided as the speech by Andrei Gromyko that he attempts to discredit.

Mr. Safire writes that a United States agreement "to refrain from testing antisatellite weapons" would be merely "a nice plum for Mr. Gromyko to take back to the Politburo." What he neglects to mention is that the "easiest, most verifiable arms-control agreement" concerns weapons technologies in their infancy — which is precisely the situation with ASAT now.

The Soviets currently have a very crude ASAT weapon, which presents little threat to United States satellites, and the United States has just begun testing its more sophisticated weapon. At this level of development, arms control on ASAT can be fairly easily achieved: United States satellites can be equipped with countermeasures to protect against the current Soviet ASAT system. A ban on future tests (which is easy to verify) will insure that neither side can develop more sophisticated weapons. Once the United States system is operational, controlling these weapons will become much more difficult.

In short, a moratorium on the testing of antisatellite weapons (a moratorium the Russians have indicated they might join) would not be just "a plum for Gromyko"; it would also be a step toward averting an unnecessary and potentially destabilizing extension of the arms race.

STUART KAUFMAN  
Ann Arbor, Mich., Oct. 7, 1984

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

### The Perils of Sharing Power With Marxists

To the Editor:

In his Oct. 14 Op-Ed article, Miguel Acosta offers an interesting analysis of the Salvadoran military's implicit role in the talks with the rebels, but he errs in stating flatly that a peace agreement "depends more on the Salvadoran officer corps and the United States than on the guerrilla leaders, Fidel Castro, the Soviet Union" or President Duarte.

The obstacle to meaningful negotiations is not sharing power. It is the lack of a commitment to national liberation in El Salvador, an umbrella organization dominated by Marxists and Communists, has made it clear, in its platform and public pronouncements, that it will settle for nothing less.

President Duarte's offer of amnesty and full participation in the political process is irrelevant; guerrilla hard-liners know they cannot emerge victorious in a genuinely free election. So they want a priori access to the governing bodies and use the attendant power and prestige to make important moves before elections. In short, a coalition government.

Now Mr. Acosta talks of a struggle between Salvadoran "progressive" and "conservative" officers, implying that the former might perhaps be willing to seek an accommodation with the rebels. That may well be so, but not at the price of coalition government — for on this issue both factions are at one.

Coalition governments with Marxists and Communists have an unenviable record. There is the poignant plight of Eastern Europe, where Communists used the sharing of power to attain absolute control, and closer to home, the examples of Cuba and Nicaragua attest that Marxists and Communists have but one ultimate objective: a one-party totalitarian state.

### Age and Forgetfulness

To the Editor:

Many discussions and analyses of the recent Reagan-Mondale debate contain a serious misconception: that confusion or forgetfulness are the result of "age."

In fact, there is no scientific justification for attributing intellectual failure to normal aging processes. Psychologists can demonstrate slight inefficiency in recall among some elderly subjects. But where there are real memory defects, inattention and confusion, they are the result of disease.

Everyday experience as well as the intellectual performances of public figures such as Winston Churchill, Senators Claude Pepper and George Aiken demonstrate that normal aging does not destroy mental capacity.

WILLIAM A. TISDALE, M.D.  
Director, Gerontology Unit  
Medical College, University of Vermont  
Burlington, Vt., Oct. 15, 1984

### Mental Test for Leaders

To the Editor:

Several years ago, I suggested that any key personnel with authority to release atomic missiles or other destructive forces of such magnitude be subjected to periodic psychiatric examinations, no matter how high the office or acute the authority.

In my opinion we have, up to this point, been lucky. Men are human. There are all sorts of extraneous forces at play in the life of an individual, as well as physical and mental changes, and the brain is individual.

There should be no objection to such a procedure of safeguard examination from serious-minded and committed people who hold the life of possibly millions on a decision whether or not to push a button. By all the rules of common sense and logic, I am surprised that this procedure has not yet been put into practice.

JOHN TRAVERS MOORE  
Hendersonville, N.C., Oct. 10, 1984

**The New York Times Company**  
229 West 43d St., N.Y. 10036

**Operating Groups**

ARTHUR OCHS SULZBERGER, Chairman  
SYDNEY GRUBSON, Vice Chairman  
WALTER MATTHEWSON, President  
DAVID L. GORHAM, Senior Vice President  
BENJAMIN HANDELMAN, Senior Vice President  
MICHAEL E. RYAN, Senior Vice President  
GUY T. GARRETT, Vice President  
SOLOMON B. WATSON IV, Secretary  
DENISE K. FLETCHER, Treasurer

JOHN D. POMFRET, Senior Vice President  
CHARLES B. BRACKFIELD, Vice President  
WILLIAM B. DAVIS, Vice President  
JOHN R. HARRISON, Vice President  
WILLIAM T. KERR, Vice President



## IN THE NATION | Tom Wicker

## Silence on Flight 007

To mark the first anniversary of the destruction of Korean Air Lines Flight 007, The Nation published an article asserting that the U.S. Government, owing to extensive electronic surveillance in the North Pacific, must have known that the airliner was off course and heading into danger. But no warning was given.

On Sept. 7 in this space, I repeated some of the main points of The Nation's article, written by David Pearson.

Up to now, no official or agency of the Reagan Administration has offered any reply whatsoever to The Nation's article. But on Oct. 2, in a letter published in The New York Times, Henry E. Catto Jr., formerly an Assistant Secretary of Defense in the Reagan Administration, called Mr. Pearson's article and mine "drivel."

But Mr. Catto, too, failed to deny, refute or even refer to any of the substantive evidence detailed in the Pearson article. Instead, he offered only denunciation and two general points, neither of which can stand the light of day.

He wrote that the International Civil Aviation Organization "carefully investigated" the incident and concluded that Flight 007 was off course because of "pilot error."

In fact, the I.C.A.O. gave only speculative reasons for this judgment; and its own expert review panel, the Air Navigation Commission, later reported that it could not validate any of the "scenarios postulated" in the report about pilot errors and how they might have happened. All these "scenarios," the commission said, "contained some points which could not be explained satisfactorily."

Besides, the commission noted, the information received by the I.C.A.O. "was incomplete" and some of it

## How much did the U.S. know?

"had differences which could not be cleared up." Why? One reason was suggested by Yves Lambert, the I.C.A.O.'s Secretary General, who said in a meeting of its council that information had been withheld by "the governments of the Soviet Union, the United States and Japan."

Mr. Catto also wrote that "we" — U.S. military and security agencies — "do not monitor flight-pattern accuracy for civilian planes — the thousands of flights which span the globe every day." But nobody said they did. Mr. Pearson was referring only to the vital North Pacific, where Alaska and Siberia all but meet and where both the Russians and the U.S. have important military installations.

Electronic surveillance is widespread and vigilant in the region; if a civilian airliner flying 300 miles off course and headed directly for some of the most sensitive Soviet areas was not detected that night, there must have been a shocking failure of numerous sophisticated surveillance and early-warning systems. That's most unlikely. The alternative explanation could only be that the agencies responsible for these systems did not warn Flight 007 of its danger.

Mr. Pearson suggested that it might have been believed that 007's projected overflight of the Kamchatka Peninsula and Sakhalin Island would yield a "bonanza" of intelligence information about Soviet radar

and air defenses, while no one thought the Russians would shoot down a civilian airliner. He also raised the possibility — but carefully refrained from asserting it as fact — that the off-course flight might have been preplanned, with U.S. complicity, to collect such intelligence information.

After my article appeared, a State Department spokesman termed it, and by implication Mr. Pearson's findings, "far out." But like Henry Catto he did not refute or deny any of the evidence developed by Mr. Pearson, nor did he offer evidence to support Administration insistence that the U.S. knew nothing about Flight 007's predicament until after it had been shot down.

Why doesn't the Administration respond factually to the detailed findings Mr. Pearson developed in his year's research? If not refuted, those findings can mean only one thing: that a warning from U.S. security agencies might have saved Flight 007 and the 268 persons aboard.

Why, for example, doesn't the Administration explain why U.S. military stations in Alaska didn't notify civilian air traffic controllers that 007 was off course almost as soon as it left Anchorage? They knew it, according to the I.C.A.O., and Mr. Pearson says they were required to notify the civilian controller by a 1972 agreement between the Pentagon and the Federal Aviation Administration.

And if the U.S. knew, as Secretary of State Shultz was able to say on Sept. 1, 1983, that Soviet radar tracked Flight 007 for more than two hours before it was shot down, how could the U.S. not have known the airliner was off course and in trouble?

What information, moreover, is the U.S. withholding from the I.C.A.O.? □

## WASHINGTON | James Reston

## Reagan Vs. Reagan

## The Gipper fumbles and recovers

Nobody can accuse the Reagan Administration of being a prisoner of its own rhetoric. It often overstates and misstates its own case, but it has been singularly successful at recovering its own fumbles and even stealing the ball from the opposition.

Secretary of State Shultz made a speech in Los Angeles the other day that was not unlike the themes of many past speeches by Walter Mondale. Mr. Shultz called for flexibility and pragmatism in dealing with the Russians, two approaches that not so long ago were regarded by many Reaganites as signs of weakness.

"When the Soviet Union acts in a way we find objectionable, it may not always make sense for us to break off negotiations or suspend agreements," Mr. Shultz said.

This is precisely what the allies all the time and Mr. Mondale part of the time have been arguing for years, but in case after case, the Administration has changed its policies to meet the public mood.

It opposed allied use of U.S. materials to help build the Soviet gas pipeline to Europe, but withdrew its objections when the allies protested. Similarly, it amended its nuclear arms proposals when the European peace movement threatened the emplacement of cruise and Pershing 2 missiles on allied territory. And while condemning Moscow for its outrages in Poland, it restored grain shipments and blamed Jimmy Carter for cutting them off.

It vowed to stick in Beirut, but after the massacre of the marines and a storm of protest at home, it withdrew. When confronted with Congressional

"linked" to political expediency, and second, that they are brilliant defensive maneuvers.

Politically, there is no doubt that they divert the fire away from the President. Every time the Democrats seem to have an issue, Mr. Reagan blunts it. He blunted the peace issue though he has not ended it.

He blunted the economic issue by reducing inflation, unemployment and interest rates, leaving behind the largest deficits in the history of the country, which he blamed on the Democrats. He even withstood his fumbles in the first debate with Mr. Mondale by picking up the ball thereafter and plowing ahead as if Reagan were Riggins of the Washington Redskins.

The Democrats believe he is merely a front man for a staff of unelected White House officials, inside television producers and outside political manipulators, and that he can and does play with consummate skill the role of the warrior, or the role of peacemaker, or even of the friend of the poor. For Mr. Reagan, the play's the thing and the sole object is to win.

It is true that no Presidential election in the past has been quite so dominated by television techniques and political hucksterism. But even Mr. Reagan's theatrical triumphs have left a drop of poison in their wake. He has bloodied the Democrats but he has not convinced them, for nobody has the vaguest idea which policies, the old or the new, he will follow if re-elected. This promises stormy weather ahead when, as seems likely, the President faces a Democratic majority in at least one of the two houses of Congress. □

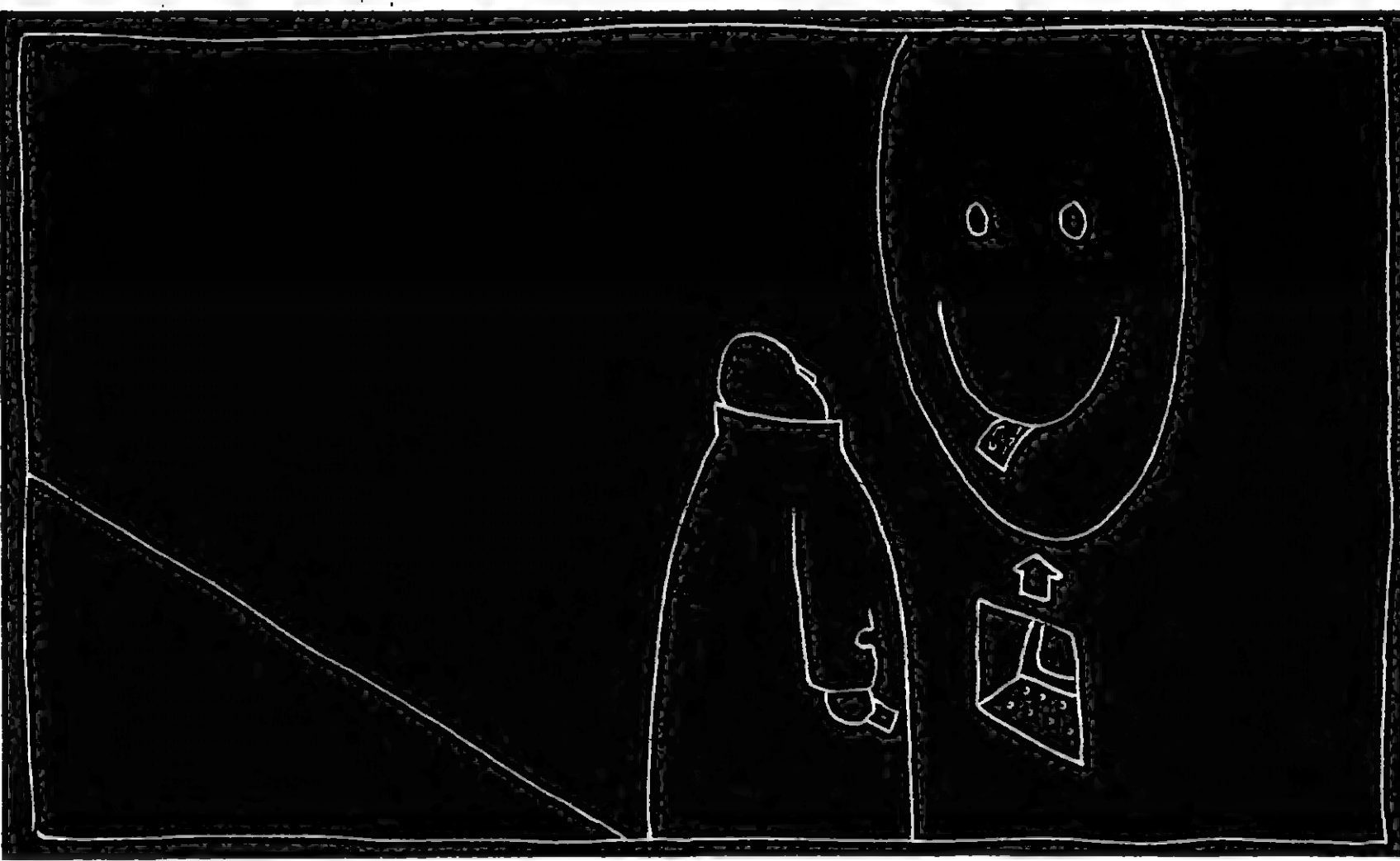
## The Citi Sleeps At the Switch

By Martin Mayer

I returned from a trip the other day to find that Citibank had bounced a perfectly good check I had written to the Internal Revenue Service. The notice included a phone number to call. I called. A "customer service representative" I reached at the bank could not have been more helpful. He summoned my account from his computer, and said he could not understand what had happened: my credit line should have covered the check. Conversationally, I noted that my arithmetic indicated I shouldn't have needed the credit line at all. "Have you included," he inquired solicitously, "that check for \$7,700?"

"There isn't any check for \$7,700," I said; "\$2,700, yes — to American Express — but not \$7,700." Having written several books about banking, I knew what must have happened. "When the bank that collects money for American Express coded my check for the computer," I said, "the operator must have made a mistake." The young man said he would get hold of the check. It might take eight business days. No need for that, I said; the check was easily accessible in a till with my name and number on it, awaiting return to me with a monthly statement; operations could dig it out in a few minutes.

Martin Mayer is author of "The Bankers' and, more recently, "The Money Bazaars."



The next morning, he called back: there had indeed been a mistake in the coding. American Express had claimed \$5,000 more than it was entitled to. I should call them and get my money back. No, I said, as calmly as I could, American Express doesn't code the checks — only banks do that. Whoever runs the lockbox for American Express got it wrong. What bank had stamped the first endorsement on the check? Bankers Trust, he said. Fine, I replied. Citibank should now, as it was legally obliged to do, credit me with the \$5,000, as of the date of

the erroneous debit, and collect from Bankers Trust. The young man said he'd have his supervisor call.

And she did call. She had taken it on herself to call American Express, and verify that I had a \$5,000 credit there. I should collect it from them. Losing patience, I told her Citibank had a legal obligation to make me whole for the error in the banking system, and should hold to it. She said she would refer the matter to "Investigations," and it would take eight business days. I told her the investigation was now completed, because the bank

check, and the law now required her to act. She hung up on me. When I called her, she was in a meeting. I returned to my original contact, and told him that his supervisor had better call again. Before doing so, she should consult a Citibank lawyer.

I guess she did, because when she called back she agreed, pausing at each step to consult with someone, that the bank would restore the \$5,000 to my account as of the day it was debited (paying the requisite interest, as it was a NOW account), cancel the interest charged me on the debits the

bank had entered against my credit line, cancel the \$6 fee for the bounced check, and write me a letter I could use to exonerate me from any penalties at I.R.S. None of this was a favor to me; it was the obligation of the bank under a whole bunch of laws and regulations.

This was my second time around this year with a New York City bank. Earlier I had found in my late fa-

ther's safe deposit box a number of E-bonds, and had asked Manufacturers Hanover, where my father had done his banking, to cash them for deposit to his estate's account. The clerk said the account would not get credit for "two and a half to three weeks." I pointed out that it said on the bond that a bank would cash it on presentation. The Treasury pays the banks to provide that service. No, the clerk said, those were the bank's rules.

So I took the bonds in my own little hands to the Federal Reserve Bank of New York, the Treasury's paying agent in these parts, where I was told that if I cared to wait a couple of hours I could have a check the same day. I let them mail it, and three days later returned to Manny Hanny with my stiff green Treasury check. Another teller told me that that it would be three business days before the bank credited the check. I protested: the bank would have credit at the Fed that night. By law, it had to give me instant availability.

Perhaps 10,000 people in New York City would know enough about how banks operate to handle these situations. The others would have been — no lesser word will express the truth — swindled. It raises this question: how dare the banks establish internal rules that violate state and Federal laws governing their operations? And this: why don't state and Federal supervisors require banks to follow legally permissible procedures when dealing with consumers?

The American Bankers Association is in New York for its annual convention this week, talking about how banks can make their voices heard more effectively in the halls of Congress, where legislation they dislike has gained substantial support. Perhaps it would help if the banking industry, like the securities industry, empowered its associations to publicize and penalize petty chiseling by their members. □

## Central America's Challenge to the U.S.

By Walter LaFeber

ITHACA, N.Y. — During the past month, new actors on the Central American stage have directly challenged President Reagan's policy of achieving peace in the region with the threat of United States military power. But more fundamentally, they challenge a 150-year policy that we have long taken for granted. We may now be at not only a turning-point for the Reagan Administration, but at a more profound historic turn.

United States policy in Central America has long been shaped by two assumptions. First, the United States believed it could use its overwhelming military power to direct the area's affairs. Second, this and other kinds of North American power could best be used unilaterally. As the dominant nation, we have wanted no partners who might limit our freedom of action in "protecting" Central Americans and, of course, pursuing our own interests in the region.

The "lone policeman" approach appeared first in 1823, when President James Monroe rejected an offer from Britain to help us keep Latin America free and stable. The Monroe Doctrine, which became a cornerstone of United States foreign policy, announced that no outsiders, includ-

## A chance to reverse old policy

ing the British, were welcome. We would take care of the Southern Hemisphere by ourselves.

Until the 1890's, however, Washington knew it did not have the military power to enforce the Monroe Doctrine. Then, at the century's end, we began to build a modern Navy, and by 1905, President Theodore Roosevelt could finally unite the two policies of unilateralism and military force in his Roosevelt Corollary to the Monroe Doctrine. Henceforth, T.R. announced, the United States would indeed act as a "policeman" to discipline unruly Caribbean and Central American nations — those "small bandit nests of a wicked and inefficient type." The result was some 25 military interventions in Central America between 1900 and 1933, including a 20-year occupation of Nicaragua.

With his Good Neighbor Policy, President Franklin D. Roosevelt promised to stop unilateral intervention. Nevertheless, he perfectly described the extent of United States power in the region when he noted privately to a group of worried Senate leaders: "We could stage a revolution

in any Central American government for between a million and four million dollars. In other words, it is a matter of price."

In 1954, President Dwight D. Eisenhower made Roosevelt a prophet. He directed a covert Central Intelligence Agency operation that overthrew the constitutionally elected Guatemalan Government. He then installed a brutal military regime whose successors run Guatemala today. The "policeman" had found a new way to keep order — using compliant Central American proxies.

President Reagan has also tried to pursue a unilateral and military interventionist policy, but Central America has changed drastically since Mr. Eisenhower's time — and many Central Americans, insurgents and government officials alike, are increasingly determined to take their fate in their own hands. Some 3,000 beaten Salvadoran revolutionaries in 1981 have become a force of 9,000 controlling one-quarter of the nation. Nicaragua's Army of 25,000 in 1981 has doubled. Honduras, long the unquestioning ally of United States military operations, has publicly asked Washington to cut back its military presence.

Mr. Reagan has responded to this growing crisis by escalating our military and covert intervention. Even today, Administration officials are hinting that we will accelerate aid to the anti-Sandinista contras after the election, while the Pentagon suggests that with more and newer weapons El Salvador's Army can win a final vic-

tory by late 1986. All of this raises the specter of intensified, perhaps even regional, war.

Meanwhile, however, Central Americans and concerned Europeans are beginning to take the reins into their own hands, challenging the United States' assumption that it is the final arbiter of who governs how in Central America. That, in the end, is the significance of the breakthroughs of the last few weeks.

The Contadora nations — Mexico, Venezuela, Colombia and Panama — are pushing with surprising success for negotiations to end the conflicts in El Salvador and Nicaragua. Western European governments have met in Costa Rica to announce that they intend to double their economic aid to the region, including — despite United States protests — help for Nicaragua's Sandinista Government. Finally, without prior notice to the United States, President José Napoleón Duarte of El Salvador, launched a peace commission to find a political rather than military settlement to the five-year Salvadoran civil war.

These fresh initiatives directly challenge 150 years of United States policies: unilateral military intervention, both overt and covert, to shape Central American affairs. It is a historic moment for the United States to back off from a military interventionism that has produced neither peace nor justice in most of Central America. It is an opportunity to share the responsibilities in the region with our closest friends and allies. □

## 'Age Issue': a Myth

By Robert A. Bernstein

WASHINGTON — If Ronald Reagan should again stumble in tonight's debate, the spurious "age issue" will be back with all its destructive potential. That the "age issue" was raised in the first place says more about our social prejudices than about the President's — or any other older person's — mental acuity.

On the sole basis of age, millions of Americans are labeled as incompetent and needlessly excluded from productive participation in society. They are victims of the stereotypical thinking about age that was demonstrated in the public reaction to the first debate.

Other cultures have revered their elderly as a major resource, the repository of accumulated wisdom. Ours instead denigrates age and glorifies youth. Real "living," it would seem, is the preserve of the Pepsi generation (clad in its Calvin Klein jeans). Its survivors can look forward to a time patronizingly dubbed "the golden years" — presumably to be spent recalling the good old days, pattering in the garden and bouncing grandchildren on the knee.

But stereotypes have a way of becoming self-fulfilling prophecies. If one believes that his productivity will cease at 65, it probably will. One might even clear the path by slowing down a bit at 60, or 55. And there is nothing like a few years of pattering to drain one's reserves of vitality. The contributions of so many elderly people in every field of endeavor (Pablo Picasso and Buckminster Fuller, to name just two) is ample proof that creative capacity is not necessarily eroded by time. Dr. Robert Butler, the first director of the National Institute on Aging, says that while studies show that aging may be accompanied by some "forgetfulness," there is "no real impairment of efficiency" in the absence of actual disease.

In some instances, the quick reactions of youth can be a detriment. Dr. Butler points out. Airline disaster can occur, for example, when a youthful pilot "reacts too fast," overlooking options that would be perceived by more deliberate, mature reflection.

The qualities that are enhanced by age and experience, in Dr. Butler's view, "are more important than being a little less quick." But whereas memory deficit can to some extent be tested, we have not yet learned to measure judgment and wisdom.

What happened in Louisville is of course a matter of intense public interest. But perhaps of more lasting economic and social significance is the teaching of its aftermath. It is that an ever-expanding proportion of the nation's critical human energy is being extinguished by a myth.

Robert A. Bernstein, a Justice Department lawyer, writes frequently on the elderly and the disabled.



# Arts & Leisure

"Meredith Monk and Ping Chong are masters of technical wizardry and know how to tell parables."

## DANCE VIEW

JACK ANDERSON

### 'The Games'—Serious Science Fiction on Stage

Defenders of science fiction as a serious genre often argue that sci-fi stories are not just fantastic accounts of technological wizardry, but parables about the way we live now and the shape of things to come. According to this definition, "The Games," a multi-media collaboration by Meredith Monk and Ping Chong, most definitely qualifies as a theatrical example of serious science fiction.

The printed program for the work, which opened the Next Wave Festival at the Brooklyn Academy of Music, credits Miss Monk with the music, Mr. Chong and Miss Monk with the text and those two collaborators and Gail Turner with the choreography. But what one actually saw was a theater-piece in which all components were so adroitly joined that one never thought of wondering who was responsible for any given sequence. To anyone familiar with the multi-media productions that Miss Monk and Mr. Chong have created in the past, this successful meshing of parts came as no surprise. Both artists are masters of technological wizardry. And both know how to tell parables.

There was much wizardry in "The Games." The shiny silver panels of Yoshio Yabara's set looked suitably futuristic. Beverly Emmons's lighting effects could make the stage resemble an Arctic wasteland at one moment and a sports arena the next. Miss Monk's score was unusually rich, combining the vocal chants, sighs and wails for which she is celebrated with instrumental passages for such instruments as the Chinese saw, the Flemish bagpipe and the alto rauschpfeife.

Viewed as a parable, "The Games" could be said to be a cautionary tale about the attempts of a civilization to survive after some sort of catastrophic, and presumably nuclear, attack. This theme made "The Games" undeniably topical, coming as it did in an election year that was also both an Olympic year and the year in the title of George Orwell's prophetic novel, "1984." But, in science fiction, the theme of survival after an apocalypse is a common one, so common as to be almost hackneyed. Therefore, even though they were treating such an urgent issue as the threat of war, Miss Monk and Mr. Chong were

doing so in terms of a genre in which that theme is almost a cliché. How they managed to revitalize this cliché is one of the things that made "The Games" fascinating.

The curtain was up as the audience entered the theater and it remained up throughout the hour-and-a-half piece. One heard the sounds of roaring winds and one saw two figures, who might have been watchmen, peering carefully into the distance and gesturing to each other as if exchanging messages in a signal code. Given the sound of the wind and the grayness of the lighting, they were clearly in some bleak, lonely place far from anywhere else. Indeed, in the world they inhabited there may not have been anywhere else where people could live.

After slide projections depicting, first, an explosion in the heavens and, then, a grid that could have been a scientific diagram or the board for a game, the wilderness was colonized by a community of uniformed people. From the fragmentary printed statements in another set of slides, one deduced that they were descendants of the survivors of a cataclysm who were now struggling to maintain order. As part of their attempts, they instituted a set of ritual games based upon shards of social and cultural patterns that had somehow been retrieved from the ruins of the vanished civilization. Presiding over them was a figure, portrayed by Miss Monk, who was referred to as the Gamesmaster in the program. At times, this leader was strict and commanding. Yet at other times she could be encouraging or consoling, and even when she was most dictatorial she never did or ordered anything that seemed unequivocally evil. Although certainly a Caesar, she was not necessarily a Nero.

She gave her commands, and her subjects responded to them, in several languages, including English. But when she was unusually stern, she spoke German. It was surely not just because "The Games" received its world premiere in Berlin last year that some of the dialogue remained in German. Though linguists may consider it foolish to think that spoken languages have their own vocal personalities, many Americans do find that German sounds harsh and authoritarian to them.

The games these citizens of the future played were



Tom Caravaglia

A scene from "The Games," the Meredith Monk-Ping Chong work seen at the Brooklyn Academy, which "reminds us that all cultural patterns are, in a sense, games."

peculiar. They stood on their heads. They did some square dancing. There was a variant of blind man's buff. One game, called "Migration," contained prowling and searching movements and individuals often scampered in and out among the other members of the ensemble as if on secret missions or as if they were lost and were trying to find their way. There were moments of exhausted stumbling and recuperation and of scratching at the floor as if in search of sustenance. There was also a moment when people lined up and picked lice out of one another's hair.

In a game called "Memory," one woman kept sighing, "I forget," while another murmured, "I remember fish... champagne... trees... washrooms... candlelight... early morning coffee... Shakespeare... aspirin..." On and on she went reciting a long list of things, all of them ordinary, some of them sublime and others pleasantly ridiculous. Another section of "Memory" resembled a quiz game in which perplexed panelists were asked such questions as "When did the last panda die?" and "What was a sidewalk?" And dancers suddenly burst into an old-fashioned chorus-line routine to a silly tune called "Miss Annabelle Lee," recorded in 1928 by Whispering Jack Smith.

When Miss Monk announced "Spiel vier," she was literally saying "Game four" in German. But "vier" is pronounced in the same way as the English word "fear." And though Miss Monk tried to reassure them that "There is nothing to fear," the performers writhed and dashed about in anguish, as if re-enacting the Holocaust that had destroyed their ancestors' civilization. Finally, people in

space suits trudged across the stage, as if in search of a new home.

Space colonization, futuristic dictatorships, nuclear disasters—these themes recur throughout science fiction. But what made "The Games" special were the times when, in addition to foreseeing a grim future, Miss Monk and Mr. Chong called attention to the beauty of the present. Both artists in previous productions have evoked the mystery of the passing moment. Thus Miss Monk's "Quarry" contained bittersweet vignettes of family life before the coming of a dictatorship resembling that of the Nazis. In a simultaneously poignant and grotesquely amusing scene in her "Education of the Girlchild," an aged crone tried to defy time and mortality by naming all the things that were still near and dear to her. And in Mr. Chong's "Lazarus" that biblical character rose from the dead to gaze in astonishment upon an ordinary corned-beef sandwich. The way "The Games" found the simple things of life precious recalled Richard Wilbur's poem, "Advice to a Prophet," in which the poet tells a protestor against war not merely to emphasize the number of stockpiled weapons—for such statistics may only befuddle us—but also to point out how war may utterly destroy such things about us as trees, flowers and streams.

In one sense, "The Games" reminds us that all cultures are built upon shards of the past and that all cultural patterns are, in a sense, games. But in its apocalyptic vision it makes us realize how we may take the miracle of life for granted as we plunge headlong toward war. "The Games" expresses some of our worst fears and fondest joys.

### Exhibit of Chinese Art Portrays Landscape Illusions

By FRED FERRELL

The rain was steady and drenching one afternoon in Hangzhou on our trip to the People's Republic of China, the sort of day in which one might wish to stay indoors and contemplate a brush painting or two. But Tom Everett was not to be denied.

For Mr. Everett, Thomas H. Everett to be precise, senior horticultural specialist, formerly director of horticulture at the New York Botanical Garden, was determined that his little group was not to be cheated out of what he had referred to repeatedly as "one of China's many wonders."

So a group of us, collars up, clinging together under umbrellas, picked our way through the round gates of what had once been Hangzhou's Lingyin Temple, into its botanical preserve. No longer a temple, the acreage of carefully pruned shrubbery and tiny forests of bamboo shoots and patches of bright flowers is now referred to as Hangzhou's Municipal Botanical Garden. And through its paths we went until we came to an open area lined with tiered wood shelves on which were many hundreds of porcelain and clay pots containing stunted trees and tiny rock formations. Mr. Everett stopped, waved his hand grandly at the array behind him and cleared his throat.

"Bonsai?" he said, making it sound like a question. "Japanese? Right?" We nodded.

"Hah!" said Mr. Everett triumphantly. "Not so. Bonsai is Chinese. Actually it is called penjing. The Japanese call it bonsai, but the art of the miniature tree is actually Chinese, from the southern Chinese mountains of Linan. It went from China to Japan as 'penjing,' which is Chinese for small, dwarfed tree."

Actually, Mr. Everett explained, in the Chinese art of penjing the emphasis is twofold. One aspect of it emphasizes rock formations and the creation of landscape illusions in miniature spaces, while with the aspect which later evolved into bonsai greater emphasis is placed on the perfection of the miniature trees and shrubs. But, he took pains to repeat, the entire range of penjing art originated in China.

It was not the first botany lesson to be dispensed during that trip through China by Mr. Everett, who is perhaps best known as the author of the three million-word "The New York Botani-



The 150 rockery penjing collected for the show include skillfully composed 'Taihu stone (above) and limestone (below).

cal Garden Illustrated Encyclopedia of Horticulture." Nor would it be the last, but it is remembered because 150 examples of penjing, the very sort that he disclosed to his group of wondering tourists that day in Hangzhou will be coming to New York today for a two-week stay at the Brooklyn Botanic Garden.

The exhibit, entitled "The Art of Penjing: Miniature Landscapes from China," which is being presented under the auspices of the China Institute in America is the first showing of rockery penjing in the Americas, according to the Institute. It is part of the U.S.-China 200 Bicentennial celebration of the opening of direct trade and cultural relations between the United States and China. This celebrates the sailing from New York Harbor in 1784 of the "Empress of China," the first United States ship to reach China.

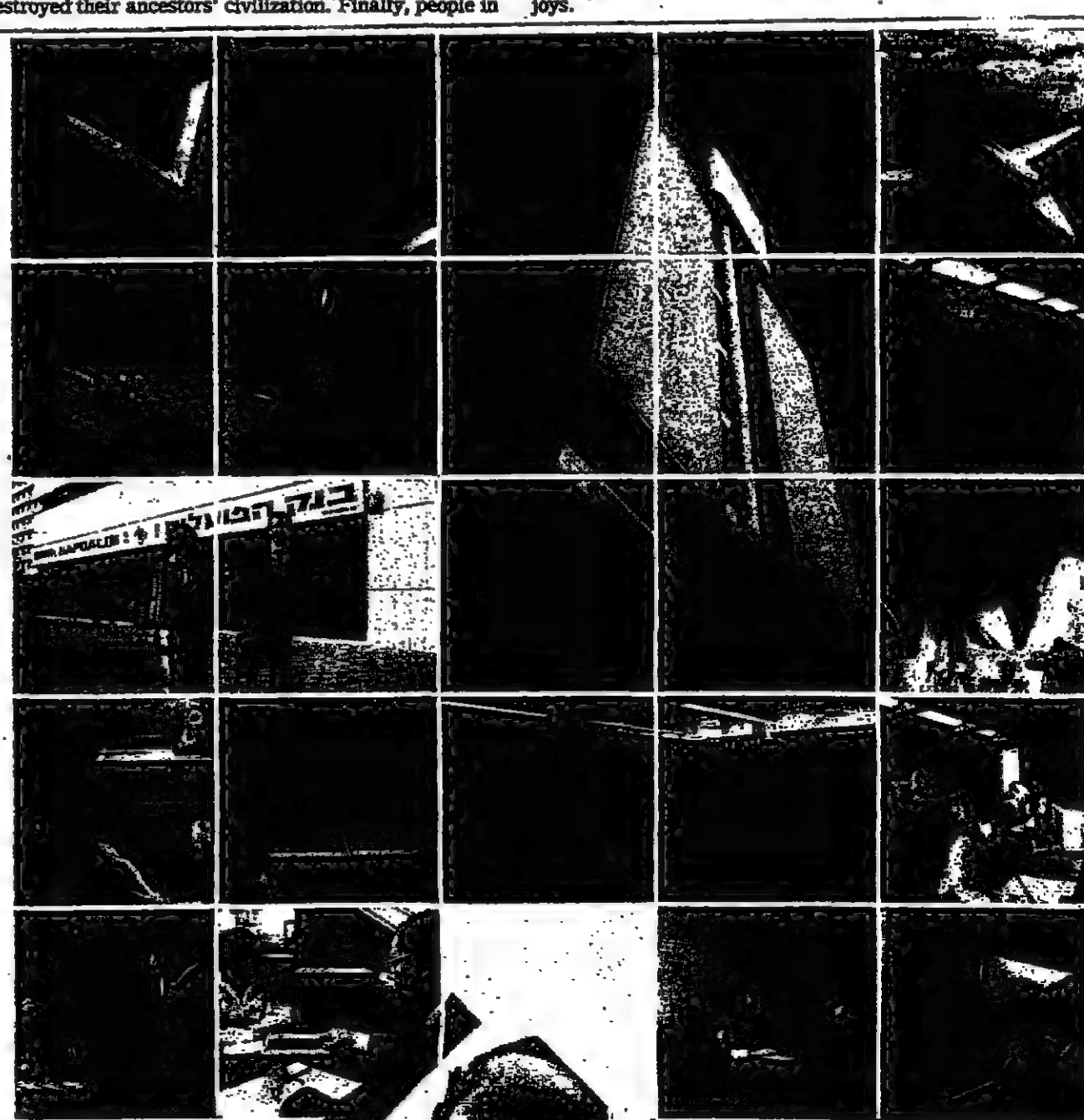
While most people are aware of the plant aspect of penjing, the bonsai side of penjing, as it were, rockery penjing is virtually unknown outside of Asia. Outside of China it can per-

haps be seen best in all its forms in Hong Kong's New Territories, in the Taoist monastery of Ching Chun Koon, where hundreds of examples of penjing are tended carefully by monks. The penjing there are so fine that each year they are repotted in genuine Ming Dynasty and other antique porcelain containers for entry in penjing competitions through Hong Kong. And Ching Chun Koon wins just about every year.

The origins of penjing as a whole lie far back into Chinese history. In 1972 Chinese archaeologists unearthed a tomb in Shaanxi Province dating to 708 A.D. which contained the remains of Prince Zhang Hui, second son of Empress Wu Zetian of the Tang Dynasty. On the walls of the tomb are murals depicting court life, two of which show ladies in waiting holding miniature arrangements of plants and rocks. These reportedly constitute the earliest known pictorial record of penjing. Penjing is reported to have been transported to Japan sometime during the 618 to 907 A.D. span of the Tang Dynasty, where it emerged as bonsai.

In essence penjing is nature in concentration. The illusion of a "mountain range" is complete within a small tray, when a skilled miniaturist utilizes tiny rocks, jagged outcroppings, shrubs and stunted trees. For the exhibition at the Brooklyn Botanic Garden, 150 examples of penjing have been sent by the Oriental Garden and Construction Corporation, the U.S. representative of the Landscape Architecture Company of the People's Republic of China.

The penjing are miniature worlds and they even utilize tiny figures, boats and pagodas to sustain that illusion. Stones are usually the main component of these rockery penjing and the edges, breaks and textures of the stones are emphasized by bits of moss perhaps, tufts of grass, miniature pines and cypresses as well as by figures and pavilions.



### Dedicated to the Future

For over 60 years Bank Hapoalim has played a leading role in developing the recognized achievements of Israel's industry, agriculture, science and trade. Through customized corporate financing, retail customer services and international trade and currency transactions, experience and capabilities that have promoted our development from a major Israeli bank into a world bank. Today \$19.5 billion in assets support our professional experts at over 370 banking offices in 15 countries. Resources serving the interests of business people worldwide. Expressing Bank Hapoalim's dedication to the future. A dedication based on more than six decades of banking services committed to progress.



**Bank Hapoalim**

Head Office: 50 Rothschild Blvd., 65124 Tel Aviv, Israel. Tel: (03) 628111

New York • Los Angeles • Chicago • Philadelphia • Miami • Boston • San Francisco • Toronto • Montreal • London • Manchester • Paris • Zurich • Luxembourg • Buenos Aires • Sao Paulo • Rio de Janeiro • Caracas • Mexico City • Montevideo • Punta del Este • Santiago • Panama City • Cayman Islands. And over 340 branches of the group in Israel.

Ovnet | Karmon | Shitrit | Na'aman



# A CLASH OF RIGHTS

LAW REPORT / Asher Felix Landau

In the Supreme Court sitting as the High Court of Justice before the President, Justice Meir Shamgar, the Deputy President, Justice Miriam Ben-Porat, Justice Menachem Elon, Justice Moshe Bleski and Justice Shlomo Levin in the matter between Hana Klopfer-Gavch, the National Federation of Israeli Journalists, applicants, and Minister of Education and Culture Zevulun Hammer and Deputy Director-General of the Broadcasting Authority Ron Nachman, respondents (H.C. 372/84).

Under section 9(a) of the Law and Administration Ordinance of 1948, a minister may make "such emergency regulations as may seem to him expedient in the interests of the defence of the state, public security and the maintenance of supplies and essential services." On June 24, 1984, the minister of education and culture issued emergency regulations for the broadcasting of election propaganda for the Eleventh Knesset on radio and television.

The regulations empowered the director-general of the Broadcasting Authority, or his deputy, to order a particular staff member or group of members to perform "essential services" thereunder, and the deputy director-general then ordered the first petitioner to broadcast such propaganda.

The petitioners applied to the High Court of Justice to set aside the regulations and order. They argued that the expression "essential services" must be interpreted objectively, but even if the "essentiality" of the service was within the discretion of the minister, the broadcasting of election propaganda could not possibly be regarded by any reasonable standard as an essential service.

The first judgment of the court was given by Justice Shlomo Levin. It was absolutely clear, he said, that the words in the section "as may seem to him expedient" gave the minister the discretion to decide as to the essential nature of the service, and in this respect there was no distinction between his discretion under section 9 and that under section 3 of the Commodities and Services (Control) Law of 1957.

The question, therefore, was whether, in the opinion of the minister, the regulations served a legitimate purpose by legitimate means within the purview of section 9. The fact that could be said for the petitioners was that there was room for differences of opinion as to whether election propaganda on radio and television was or was not an "essential service," and if this was so the minister had not exceeded his powers.

IT WAS important to remember

that the Broadcasting Authority enjoyed a monopoly, and that the control of election propaganda was regulated by the Elections (Modes of Propaganda) Law of 1959. That law imposed serious restrictions on the means of propaganda, and these increased the importance of broadcasting as a legitimate and indispensable means at the disposal of the various parties, old and new; it may be assumed that in many cases broadcasting was the only means for a new list to place its programme before the public.

That law prescribed detailed rules for the allotting of propaganda time on television, and it was no wonder that such allotment sometimes resulted in court proceedings. It was his view, therefore, Justice Levin said, that the minister's opinion in the present matter was not only legitimate but also reasonable, having regard to the centrality of propaganda in the framework of elections and the democratic process in general.

It had been argued that the respondents could have achieved their purpose by applying for relief to the Labour Court. The Supreme Court had already held, however, that the contention that the executive authority could have taken other measures was of no avail, and in any case it was doubtful whether they could have achieved their objective in the present matter by that means.

Justice Levin therefore proposed that the application be dismissed.

Justice Elon and Justice Bleski agreed with Justice Levin.

Justice Meir Shamgar was of opinion that the essentiality of election broadcasts could not be tested by regarding them as all other broadcasts — they must be judged not by their content but by their real character and importance.

Election propaganda was part of the political democratic process, and any interference with it shortly before the elections, when it was too late to organize other means of publicity, was in effect no different from any other interference with the election process. To overlook the constitutional aspect of the problem and treat it as a mere labour dispute was to disregard the central and real aspect of election broadcasts.

FREEDOM OF expression was a prerequisite to the existence and smooth working of democracy. The

freedom to voice opinions and the unfettered exchange of views were conditions precedent to the existence of a political and social regime under which a citizen could judge, fearlessly and through studying the facts, what to the best of his understanding was required for the benefit and welfare of the community and the individual, and for ensuring the existence of a democratic regime and the political framework in which it functioned.

It had already been observed by the Supreme Court that freedom of expression was a basic precondition for the existence and preservation of most of the other fundamental civil rights which would otherwise be endangered. In the above context the mass media fulfilled a function of major importance. They enabled the wide and meaningful publication of information on every aspect of life, bringing it to the knowledge of everyone, and they constituted a central medium for explaining news and opinions and the open public discussion about them.

It was on this basis that "The Fairness Doctrine" had been evolved obliging broadcasting media in the United States to give persons affected the right of reply and rebuttal.

One of the principal facets of democracy was the existence of elected representative bodies and the process of voicing and exchanging opinions was established *inter alia*, to stabilize the form of the institutions of government and lay down guide-lines for their functioning; moreover, once in a stated period this process preceded the election of those representatives and assisted in determining their selection.

It followed therefore that freedom of expression was one of the principal products of democracy and one of its central characteristics while, on the other hand, the organization of democratic institutions from time to time was conditional on freedom of expression so that, from this aspect, democracy was the product of the existence and preservation of the basic freedoms.

The result was that true democracy and freedom of expression were really one, and this was the case throughout the functioning of such a regime in general, and particularly at the time of elections. It was inconceivable that elections could be held

in a democratic regime without an exchange of ideas and mutual persuasion which crystallized public opinion. This was the area of propaganda through which the struggle was waged for the support of the public which elects its representatives.

THE PRESIDENT then referred to section 4 of the Basic Law: the Knesset, of 1958, which provides for the election of the Knesset "by general, national, direct, equal and proportional elections in accordance with the Knesset Elections Law."

It was generally accepted, he said, on the basis of this section, that the requirement of "equality" was also imposed on pre-election propaganda. The provisions relating to propaganda laid down limitations and safeguards aimed at preserving the proper character of the election process, but they were in principle no more than the practical application of freedom of expression subject to the necessary restrictions in order to ensure the "equality" demanded by the above section.

It was not imperative that propaganda should be broadcast, for there were also other means available. The comparative influence, however, of the visual image in the '80s of this century could not be overlooked. Moreover, by a month or so before the elections the propaganda machinery, built upon accepted procedures laid down by law, had already been established, and a sudden switch in different directions, and the necessity to search for other means of publicity, in themselves reduced the possibility of influencing opinions and ideas.

They also weakened the ability to compete and defeated the required equality, for there was no doubt that the stronger and more established party would find the necessary alternative more quickly than its competitors.

Justice Shamgar then stressed that the "essentiality" of broadcasting was not to be tested by the practical value of an individual broadcast or telecast. The question was one of the constitutional status of broadcasting within the democratic process of elections in which the owner of the monopoly — whoever it may be — must yield to the freedom of equal competition.

There is no democracy without elected representative institutions,

and there are no such institutions without free elections. There cannot be free elections without propaganda, and this is only possible if there is freedom of expression. This freedom did not only mean that everyone was free to express his opinion but also that he was enabled to do so through the principal media.

This was the equality of opportunity laid down in sections 15 and 15a of the Elections Law of 1959, which regulated election broadcasts on radio and television. The denial to the competitors of the use of television, relatively the most powerful medium, would in fact be an infringement of their freedom of expression. Every situation must be judged in its own context and its own period. There were times when publicity was conducted without television, as many of our affairs in our time were arranged by other than the most progressive and effective means.

Today, however, the denial of the right of expression through the mass media would deprive propaganda of its most effective and up-to-date instrument, and take us back to days gone by. This feature assumed even far greater importance when the media in question were in the hands of a monopoly.

It sometimes happened that a choice had to be made between two essential interests which were irreconcilable. Labour relations, however, must yield to the constitutional requirements of a democratic regime, which demanded free and general election propaganda as laid down by law.

The president agreed, therefore, that the application be dismissed.

JUSTICE Miriam Ben-Porat concurred in the judgment of Justice Levin. She would agree with his conclusion, she said, even if the test of essentiality under section 9 of the Law and Administration Ordinance was objective and not subjective. Justice Levin had in fact held that the minister's decision was reasonable, and reasonableness was the stamp of the objective test as distinct from the subjective discretion of the competent authority, in this case the minister of education and culture.

The methods and times of election propaganda were prescribed in sections 15 and 15a of the Elections Law, passed by a special majority of the Knesset. It was no wonder that it was radio and television which the legislature chose for this purpose. Television is a particularly powerful medium which can convey to the greatest number of people in the most direct form by vision, speech and sound, the message of the various competing parties.

It was only reasonable to select the most powerful means of enabling the citizen to judge the nature and

identity of the lists and personalities involved before deciding how to vote. The decision which government will rule the country for the next four years was of the utmost importance, and demanded the choice of the most appropriate medium. Even if other suitable media were available — which was very doubtful — the closeness of the elections rendered the search for them, and the necessary amendment of section 15a, impracticable. It was even possible that the denial to a party of television propaganda as at present laid down in section 15a would invalidate the elections. These reasons were sufficient to establish the essentiality of the service now discussed.

Justice Ben-Porat disagreed with the comparison drawn by Justice Shamgar between freedom of expression and the right to election propaganda. As to the content of the material published, the petitioners in no way disputed the unfettered right of every election list to publish any propaganda it desired, on its own responsibility. And as to the medium, no one suggested that anyone who wished to express his opinions, even on a matter of public importance, was entitled to demand of the Broadcasting Authority (despite its duties under the law) to permit him to appear on television, or of a newspaper that it publish his views.

She dissented, therefore, from the opinion that "the denial to the competitors of the use of television, relatively the most powerful medium, would in fact be an infringement of their freedom of expression."

Had the legislature not enacted section 15a of the Elections Law, the Broadcasting Authority could agree or refuse to televise election propaganda. Indeed, it would be reasonable for it to refuse so as not to assume an unnecessary responsibility, and it was even possible that it would be restrained from showing such propaganda without statutory authority.

In conclusion, the deputy-president held that the importance of elections and the statutory provisions (confirmed by a special majority) as to the media and periods of time in which each competing list was entitled to broadcast its propaganda created a right so vital that the right to strike — also an essential tenet of democracy — must yield before it, more especially as the legislature had imposed restrictions on other possible means of propaganda. The provisions of section 15a of the Elections Law had to be strictly enforced.

For the above reasons the application was dismissed, and the applicants were ordered to pay the costs of the respondents in the sum of IS200,000, together with linkage and interest.

Advocate Yehuda Ressler appeared for the applicants, and Advocate Renato Yarak, Director of the High Court Division of the State Attorney's office, for the respondents.

The judgment was delivered on July 2, 1984.

## Jerusalem where?

RANDOMALIA  
Miriam Arad

WE ISRAELIS may think we are the hub of the universe. "We are not," you don't absolutely have to go abroad to wake up to the fact, though it helps: it was an American telephone operator plugging my collect call who asked me that about Jerusalem, adding by way of a political bomb: "Jerusalem — Jordan?"

The one I liked even better was a by no means ignored woman painter, whom we met somewhere in Arizona. Hearing we were Israeli, she told us she "didn't know much" about Israel, but had this mental picture of "a country of green valleys, with happy people sort of dancing through them hand in hand." It sounded exactly like an old JNF poster, but the lady had never seen one, not being Jewish. We tried not to shatter her illusions too harshly, but I'm afraid we left her somewhat bewildered.

It's not, by the way, as if American Jews always know all the finer points of our life here. An acquaintance told me of his aunt from the Bronx who, on her first visit to Israel, was amazed to discover that not all of us have white complexions. "I never knew," she told her nephew, "that you had so many Puerto Ricans here!" She couldn't have been a great newspaper reader, auntie, but at least it's a change from expecting camels to wander loose on our streets.

Americans have no idea of our size either. "Small?" they say. "Like just California?" As against that, they do accept our existence for a fact: "Is real," they call us.

We aren't even such great newsmakers as we think. Over the two months we spent in the U.S. some years ago, during an admittedly fairly quiet period in the Middle East, we caught Israel's name on the TV evening news precisely once. I hate to say it, but it turns out we are far less important to the American public than their weather. And to the English, too: I just read a book by a notable British author about experiments in communal living, and it didn't contain a single reference to the kibbutz. Very sobering, that.

And pleasing too, in a way, for it evokes an image of ourselves as a small, peaceful country going about its business, making no noise, stirring up no trouble for the world — a sort of mini New Zealand, say. It's a false image, to be sure, and we might be bored with it if it weren't for still. Me, in any case, I was also oddly pleased when a young gentle foreigner asked me how come, actually, that the Jews had been dispersed all over the world. I felt pleased by him not knowing what to us is the core of our being, pleased not to be the hub of the universe. So I smiled sweetly at him, and then I heaved a deep Jewish sigh and began to tell him.

## MUDDLED CLARITY

MUSIC REVIEWS

ISRAELI PHILHARMONIC ORCHESTRA, Zubin Mehta conductor with Yehudi Menuhin, soloist (Mehta Auditorium, Tel Aviv, October 19, 1984). Violin Concerto No. 2, Schubert; Symphony No. 9 in C major ("The Great").

BELA BARTOK's second violin concerto is a complex and most demanding work. Despite its perplexing amount of ideas, total clarity of form remains its unmistakable characteristic, but listening to Menuhin's violin part, especially the first and second movements, one had the greatest difficulty in following the flow of musical events. The violin part sounded indistinct, and it was often impossible to distinguish one line from the other.

The difference and variance of musical character of the various phrases and ideas also seemed distinguishable only with difficulty. What aggravated matters was the amazing weakness of sound of Menuhin's tone, often coming close to inaudibility. If, despite all these laws, the concerto somehow succeeded in coming across along the small lines set by the composer, it was the result of Mehta's excellent taping of the orchestral part: though somewhat subdued in wind, possibly to avoid an eclipse of Menuhin's unchanging mezzo-forte, the orchestra's clarity, precision and vibrant coloration contributed enough weight and meaningfulness

to save at least a part of Bartok's accomplishments.

Schubert's masterpiece regrettably was no compensation for the disappointing Bartok. Its monumental character and powerful, almost Beethovenian drive and intensity are undisputable facts. But it is also no secret that in this symphony Schubert stretched his material almost to breaking point. Robert Schumann called it "heavenly length." Mehta's performance, however, was not the most successful. Though there were some strong sections, many others were unable to arouse any degree of stimulation. To sum up: we impatiently awaited the final chords.

BENJAMIN BAR-AM

ISRAELI SINFONETTA, BEERSHEBA, Lazzio Mehta conductor with Oscar Ghiglia, guitar (Jerusalem Theatre — October 16). Fauré: Pavane; Giuliani: Guitar Concerto; Opus 30; Poulenc: Sinfonietta (1947).

THIS unannounced concert opened with a short recital by guitarist Oscar Ghiglia, who offered five pieces by Heitor Villa-Lobos, without any particular musical interest because they did not have the South Amer-

ican rhythmical and folkloric flavour that makes his music so lovable. The pieces were dangerously close to salon music. The rendition, of course, was faultless and as good as it could be, given the music.

The soloist came more into his own in the concerto by Giuliani. This work was premiered by the composer himself in Vienna in 1808. A contemporary of Beethoven, Giuliani played the cello in the orchestra in the premiere of Beethoven's Seventh Symphony in 1813. Giuliani (1781 — 1829) composed over 200 pieces for the guitar, the instrument he taught in Vienna during the second half of his life. Very pleasant music, with heavy leanings on Mozart and somewhat foreshadowing ideas Paganini later elaborated in his violin concertos. The concerto presented was, on the whole, a typical composition of the period, without any particular claim to originality. Oscar Ghiglia fulfilled his task with a smooth and fluent technique, proving to be a master of his instrument. Maybe, the guitar is not an easy means for virtuoso showing off, but the performance somewhat lacked an element of brilliance and spirited involvement. The same was felt in the conductor's direction. In both French pieces — neither an outstanding work of genius — more attention to details and contrasts, points of interest, orchestral colours and flexibility might have added some spice. Poulenc's Sinfonietta (a

first in Israel) was plainly disappointing, as no sparkle or witicism, so typical of the composer and one of his most redeeming features, was felt in the conductor's interpretation. The orchestra played dutifully.

ISRAELI CHAMBER ORCHESTRA, Yoav Talmi conducting with Mira Zakai (Orfeo), Michael Shumir (Euridice); Lilly Tuncel (Amor); the Netherlands Chamber Choir (John Aldrich, conductor); Gluck: "Orfeo ed Euridice," complete opera in concert version (Jerusalem Theatre, October 18).

THIS EVENING saw a happy confluence of fine soloists, an excellent chorus and a lively orchestra, led by a committed and deeply motivated conductor. This powerful combination presented the mythological drama, elevated to sublime heights by Gluck's emotionally restrained and dignified music, in a smooth and moving performance.

Yoav Talmi conducted with spirit, drawing ready and lively cooperation from the orchestra; the Netherlands Chamber Choir sang with beautifully balanced sonorities and well-graded dynamics. Mira Zakai endowed her hero with all the necessary grief, sighs and longing for his beloved through her well-modulated voice and dramatic expression. Her experience and success in performances abroad the last few years have given her a new assurance and flexibility, making her Orfeo an impressive one.

Michael Shumir sang the part of Euridice with a warm soprano and fine vocal line, belying her tense appearance, probably reflecting a lack of stage experience. Lilly Tuncel as Amor made the Goddess of Love appear very human and sympathetic, and her sweet voice added much to the pleasure of listening.

The innovation of screening a free Hebrew translation of the Italian text on the stage backdrop undoubtedly caught the interest of the audience though Gluck's settings to Calzabigi's libretto are sufficiently clear and expressive not to require literal representation. Full credit to Yoav Talmi for an impressive and fully satisfying presentation.

YOHANAN BOEHM

## LEARNING ENGLISH CAN BE FUN!!

READ  
STUDENT POST or  
HEY, THERE!

the English language youth magazines published by The Jerusalem Post

Student Post and Hey, There! are edited by Susan Bollos Minkowich, former Jerusalem Post Education Correspondent, and written largely by Post staffers

Read about current political and social issues, the latest in music, sports, fashion and much more. And it's all written in English — a language that will soon feel as comfortable as an old pair of blue jeans.

FIT INTO STUDENT POST AND HEY, THERE!

Subscribe today to Student Post (grades 10-12) or Hey, There! (grades 7-9) and get nine great issues (Sept./Oct. 1984 — June 1985) for only IS 2,500. Just fill in the coupon below and send along with your cheque payable to The Jerusalem Post.

To: The Jerusalem Post, P.O. Box 81, Jerusalem 91000  
Please send me the following magazine(s):  
☐ STUDENT POST ☐ HEY, THERE!  
(for grades 10-12) (for grades 7-9)

A subscription to either paper is IS 2,500  
(Price valid until 1.11.84)

Enclosed is my cheque (payable to The Jerusalem Post) for IS .....

NAME (please print) ..... CITY .....

ADDRESS ..... POSTAL CODE ..... TEL. ....

## THE HEBREW UNIVERSITY OF JERUSALEM

Department of History  
Department of Jewish History  
The Joseph and Margaret Fetsman Chair for the  
History of Central European Jewry  
and  
THE AUSTRIAN EMBASSY IN ISRAEL  
Invite the public to a conference on:  
**JEWS IN HAPSBURG POLITICS AND CULTURE**  
With the Participation of: The Austrian Ambassador, S. E. Dr. Otto  
Pleinart, Jerusalem Mayor, Teddy Kollek, Yisrael Bartal, Shmuel Etlinger,  
Mark Geibler, Grete Klingenstein, Manfred Krieger, Hans Kratner,  
Norbert Leser, Alfred Low, Raphael Mechoulan, Dov Nov, Nathan  
Rosenreich, Ezer Schatz, Gershon Shaked, Robert Wistrich.  
Sunday and Monday, October 28 and 29, 1984 (Opening Session at 10.30  
a.m.) Morning and afternoon sessions at Beit Maierdorf, Hebrew  
University, Mt. Scopus; evening sessions (beginning at 8.00 p.m.) at the  
Van Leer Institute.

The lectures will be held in English

M228-15-F4

**STRICTLY KOSHER AMERICAN MEAT SERVICE**  
Serving greater Tel Aviv —  
Jerusalem — Beersheba area.  
Prices include delivery.  
Supervision of the Rabbinate —  
Rabovot.  
2 Rehovot HaGan, REHOVOT.  
Tel. 08-67005.  
JERUSALEM: Tel. 02-52344  
PETAH TYKVA: Tel. 05-251128  
BEERSHEBA: Tel. 07-41953,  
07-37072

## Daily Direct Service

Paris • New York • San Francisco — dep: 06.05  
Paris • Boston • Chicago — dep: 06.05  
Rome • Boston • Los Angeles — dep: 07.20

TWA also offers you Connections  
to over 60 TWA destinations  
in the USA.

You're going to like us

TWA



MACABEE DEAN describes how inflation makes the job of industrialists almost impossible. Guesswork takes the place of planning and determined debt-collecting becomes more important than increasing productivity.

## Industry runs a high fever

TEL AVIV. — Industrialists can make more money by speeding up the collection of money owed to them than by introducing more efficient methods in their plants. This conclusion was reached by Dr. Manfred Gerstenfeld, who with Ian Barzel heads the Euroteam firm of financial consultants, after talking with several dozen manufacturers.

"The reason is inflation," Gerstenfeld told *The Jerusalem Post*. "If the industrialist manages to collect the monies due him only one or two days before they are due, he saves one or two per cent at current interest rates. Yet, if he wants to make his plant more efficient, if he wants productivity to rise by one per cent a year, he will have to spend months planning and skimming and arguing with his executives and workers.

Given the choice of reducing the terms of credit he grants his wholesalers by a few days, or sweating in his plant for long months, there is only one sensible decision — to let the plant run along as at present, and to go out — or send his executives out — to hustle and collect outstanding monies and to reduce the credit he gives as much as possible.

Gerstenfeld points out that in times of inflation industrialists are in a very weak position. They must be flexible, yet they cannot be. For production is a lengthy process in

most cases. The manufacturer has no easy way of knowing his exact costs, because his raw materials are bought at different times for shekels of different values. Thus, he can never find out exactly how much his raw materials cost him unless he wants to spend enormous sums to find out, and this would be self-defeating.

The matter of wages is also guesswork. He never knows at the beginning of the month how much he will have to pay his workers at the end of the month. And when he comes to sell his product, he has to calculate his costs. But he cannot really calculate — he must guess.

And on top of all this guesswork, he has to begin fighting to keep financing costs down. If financing costs on working capital are paid at the rate of 50 to 100 per cent a year in real terms, he must take this into account when he sells his goods on credit to the wholesalers.

"Under the best of conditions, guesswork is an inefficient process compared to having the actual facts available," he notes. He points out why that "the really efficient entrepreneur able to cope with the present situation is the man who sells watermelons. He buys them in the morning; he sells them by evening and buys *patan* with his profits."

Compounding the misfortune of the industrialist, Gerstenfeld says, is the fact that he must compete with

other industrialists who don't know what is going on in the country, or at least act as if they didn't know. These industrialists sell their products at below cost — for the simple reason that they don't know what their costs are. Thus, the industrialist who has "guessed" more or less correctly has to throw all his calculations in the waste paper basket: "For they mean nothing. Either he lowers his price to meet that of his competitors — or he won't be able to move his goods at all, and loses still more money."

And to make the situation even more vexing, "the situation is getting worse all the time."

As a rule the top people in a company devote their time mainly to planning for the future; today, they are wasting their time trying to understand the past and coping with the present. "And unless they do this, a factory which has been built up laboriously over decades, could go on the rocks within months."

On top of all this, industrialists trying to survive the present economic debacle are not planning for future ventures. They don't even have the time to think of setting up new plants or introducing new assembly lines, and this means that they are unable to create jobs."

Gerstenfeld notes grimly that "in the end economic law always wins out. The handwriting is on the wall. The stock market collapsed according to economic laws; the same must happen to money-losing industries and companies."

But companies need not collapse, he adds, pointing out that they can survive either by putting up their prices (if they can still compete) or by begging the government for subsidies.

The government will have to raise the necessary money from taxes, or divert development funds. "Thus, in the final analysis, the public has to pay for the inevitable inefficiency that inflation inflicts on industry."

Several stop-gap measures could alleviate the situation, but not solve the problem. "Whose only solution is to stem inflation by cutting huge chunks out of the living flesh of the national budget, he says. No other solution is possible, but stop-gap measures, like linking credit terms to dollars, limiting credit in shekels to only two weeks, might have short-term beneficial effects.

## Jordan has \$94.8m. payments surplus

AMMAN. (Reuters) — Jordan's overall balance of payments showed a 38.12 million dinar (\$94.8 m.) surplus in the first quarter of 1984, provisional figures released yesterday showed.

This followed a deficit of 5.5 m. dinars (\$13.7m.) the previous quarter and a 7.7m. (\$19.2m.) surplus in the first quarter of 1983, the Central Bank of Jordan figures showed.

The current account showed a deficit of 35.30 m. dinars (\$87.8 m.), after shortfalls of 57.5 m. (\$143 m.) the previous quarter and 26.3 m. (\$65.4 m.) in the first quarter of last year.

The visible trade deficit was 201.24 m. dinars (\$500.6), compared with 248.1 (617.2 m.) the previous quarter and 204.1m. (\$507.7) a year earlier.

Exports rose slightly, to 59.3 m.

## Meat products up

TEL AVIV. — The Association of Meat Processing Companies yesterday admitted that they had increased the price of their products since June by between 127 and 133 per cent. However, they pointed out that one of the main ingredients in their products, fresh turkey meat, had risen in price 162 per cent over the same period.



An award designating Iscar Blades Ltd. as a "Preferred Quality Supplier" is held by company employees Ben-Shushan Asher, at left, and Amos Rafael. The coveted award was given to the Nahariya firm by the giant Garrett jet engine company in the U.S.

## Maof miffed that El Al chartered foreign plane

By JOSHUA BRILLIANT  
Post Aviation Reporter

TEL AVIV. — El Al last week spent thousands of dollars chartering a Belgian Boeing 707 to fly passengers from Italy here, although it could have saved a considerable amount of foreign currency by chartering a similar plane from Maof.

"Nobody even asked us" about chartering a plane, Maof's spokesman told *The Jerusalem Post* yesterday. The privately owned charter airline had three planes at Ben-Gurion Airport throughout the day.

"We would have leased them gladly and at a competitive price," he said.

El Al required planes to fly some 400 passengers stranded in Italy after a Boeing 747 sent to fly them home developed engine trouble in Athens and returned to Israel on three engines. El Al then used a Boeing 707 it had leased to Arkia and then chartered another Boeing 707 from the Belgian TEA line.

El Al and Maof have been engaged in stiff competition since the privately owned charter company began operating. Chartering its aircraft could have been a shot in the arm for Maof, which is facing financial difficulties.

El Al's spokesman declined to say how much the deal with TEA cost, but scoffed at Maof's estimate of a \$80,000 to \$90,000 bill.

The national carrier's spokesman said the TEA jet was leased because of the long standing relationship with that company and because El Al knows it can rely on the Belgian airline.

## GNP in U.S. grew only 2.7% in quarter

WASHINGTON (AP). — The U.S. economy's summer slump was even sharper than first thought, as overall economic growth slowed to a sluggish rate of 2.7 per cent from July through September, the government said Friday.

The Commerce Department said the Gross National Product — the broadest measure of the country's economic health — grew at the slowest rate since the last recession.

But the department said the slowdown helped to keep the lid on inflation, with prices measured by an index tied to the GNP rising at their slowest rate so far this year.

The 2.7 per cent rate of growth in the total output of goods and services compared to a sizzling 10.1 per cent pace in the first three months of the year and a still rapid 7.1 per cent in the April-June quarter.

The government's new estimate of a 2.7 per cent rate of growth from July through September represented a steep downward revision from a preliminary estimate of 3.6 per cent.

While a slower growth rate means gains in employment will also slow, most economists said that a slowdown at this stage of the recovery is needed to insure that overheated growth doesn't kick up inflation and bring on another recession.

Economists have also been encouraged by reports last week showing that housing sales rebounded sharply in September and personal income and consumer spending also rose. They contend this will help to insure that the summer slowdown is only temporary.

Many economists are predicting growth in the final three months of the year will return to a rate of around 4.5 per cent.

## Your money & your questions

By JOSEPH MORGENSTERN

QUESTION: I have dual citizenship and hold both American and Israeli passports. What are my foreign currency rights if I choose to come to Israel as a "returning resident?"

ANSWER: An Israeli citizen who has lived abroad for at least seven years is entitled to maintain a free foreign currency account if he has spent not more than 90 days a year in Israel during that period. These rights are extended for a period of ten years from the time of his return. In that period he is not liable to income tax on interest earned on foreign currency deposits, if the funds are deposited for periods of three months or longer.

He is also allowed to reconvert into foreign currency all previous conversion for ten years after his return and upon presentation to his bank of the original conversion slips.

QUESTION: I've heard the expression that the dollar is getting "stronger" or alternately "weaker." Could you explain the implication of the dollar's strength or weakness?

ANSWER: The dollar, or for that matter any other currency, "grows stronger" or "becomes weaker" only as measured by the amount of other currencies which can be

bought for it. Not too long ago, one American dollar could buy DM2.00. More recently it could buy DM3.14. The dollar therefore can be described as having "grown stronger." If the reverse occurs, the dollar can be said to have become "weaker" in relation to the German currency.

QUESTION: I have some bank shares which I "closed" in January 1984, and they are on deposit in bank A. I also have some other shares, some "closed" and others "free," on deposit in bank B. I wanted to transfer the "closed" shares from bank A, where I do very little business, to my account in bank B, and thus concentrate my holdings. But the official in bank A told me this cannot be done before the shares' redemption period, which in my case is in two years. I can see no reason why the shares could not be transferred to bank B while retaining their "closed" status. Do you agree?

ANSWER: Initially, when the bank shares were "closed" into the equivalent of savings schemes, it was not possible to transfer them from one bank to another. This restriction has now been removed. Obviously, the shares must be transferred to an account bearing the same name or names as when they were initially closed.

## Hapoalim takes lead with savings plan innovations

By PINHAS LANDAU  
Post Finance Reporter

TEL AVIV. — Bank Hapoalim yesterday introduced a number of new features to the saving schemes already offered by the bank. These bonuses are all temporary, although it is not yet clear how long they will be offered. In any event, they move Hapoalim to the fore in the fierce competition for depositors' money in the field of dollar-linked savings schemes.

The most original scheme in the current crop of ideas from Hapoalim is an improved version of the dollar-linked monthly-income scheme operated by all the banks, and by Hapoalim under its *Mamon* label. The regular version of this scheme offers depositors a monthly "dividend" of 0.8 per cent for the duration of the scheme. Hapoalim is now introducing the concept of improving the monthly yield in proportion to the length of time the money remains on deposit.

Thus, for the first two years of the life of the scheme, the monthly dividend will be 0.8 per cent, as hitherto. In the third year this will rise to 0.85 per cent per month, in the fourth to 0.9 per cent, and for those who are still "in" in the fifth year, the monthly payment will be one per cent of the original dollar value of the deposit.

The relationship between length of investment and yield — which is a basic feature of "normal" investment theory, has been eroded in recent years in Israel, as the government has sought to attract funds to savings schemes for periods of as little as 2-3 years. Only in the last few months has the pendulum begun to swing back in favour of a "normal" yield curve, giving a bonus to longer-term savers. This latest Hapoalim move fits in to this trend.

Another graduated bonus system instituted by Hapoalim yesterday applies to the other dollar-linked schemes, *Mamon Tzamid Dollar* and *Mamon Dollar Meded*. Here

the graduation is with respect to the amount of money deposited.

New depositors, until Wednesday of this week, will receive a lower dollar/shekel rate than was in fact in force last Wednesday — the day used for fixing the "base" rate for the dollar for new deposits for the coming seven days.

How much lower the rate will be depends on how much money is deposited. Sums of \$100,000-\$1 million will receive a bonus of 1.50 per cent, \$1-15m. will get 2 per cent, and the largest bonus, of 2.5 per cent, will go — as usual — to the biggest money, in this case deposits of \$15m. or more.

A more daring idea is represented by the bank's *patan* saving concept. Hitherto, a depositor intent on putting his money in a savings scheme at the end of the month could receive from most banks a higher-than-usual rate of interest in a *patan* or *upis* short-term shekel deposit for the duration of the month.

Now Hapoalim is extending this idea to longer-term interim savings in the form of dollar-linked *patan* deposits. A depositor for 3, 6, or 12 months in a *patan* account who decides, when his deposit falls due, to put the money in a dollar-linked multi-year savings scheme, will receive an extra 1/4 per cent interest on his *patan* dollars for the period of the just-ended deposit.

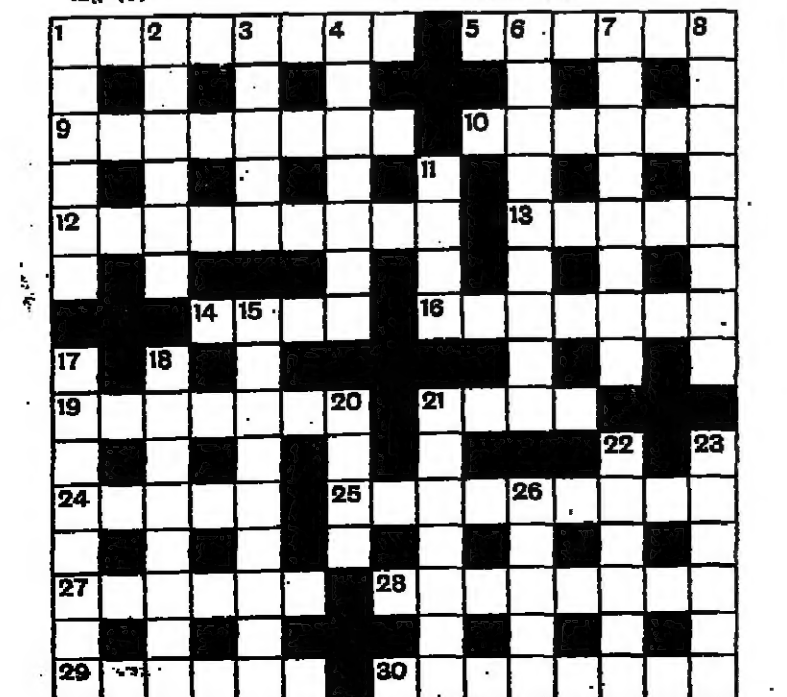
The central theme behind these and other bonuses that Hapoalim has been offering in recent weeks is, according to bank spokesmen, to attract customers by offering the widest possible range of investment opportunities, and to try to enable the customer to hold his options open as long as possible.

Given the difficulty in predicting the likely success or failure of any specific scheme — as the failure of the bonuses on index-linked schemes earlier this month showed — this policy of spreading the net as wide as possible seems the most sensible, in the current economic climate.



## ONE-AND-ONE CROSSWORD

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>ACROSS</b></p> <p>1 A sinister extremity in the drive for the British car market (4-4)</p> <p>5 Thick covering over that church (6)</p> <p>9 Awkward bulge round bad back is easily taken in (8)</p> <p>10 Suitable transportation for tobacco slave (6)</p> <p>12 Diana's, nightclub nonsense (9)</p> <p>13 Free Sunday in a Cornish resort (5)</p> <p>14 Extremely light (4)</p> <p>16 A member of this Order can move six feet with a pair of wings (7)</p> <p>19 The sun before dawn is sunnier — that's odd (7)</p> <p>21 He goes into heavy gunnery to get a big bird (4)</p> <p>24 U.S. soldier getting pass recalled for some good reason (5)</p> <p>25 Topper's wife keeps Commons in order (2, 7)</p> <p>27 Ten returning to gathering clan for some lubrication (6)</p> <p>28 There's plenty of room on the road to the theatreland (8)</p> <p>29 Show tolerance to a Yorkshire runner, first objective (6)</p> <p>30 Checked how much certain old alcoholic drink circulating (8)</p> | <p><b>DOWN</b></p> <p>1 Looked bean that can yield me glue (6)</p> <p>2 He's well met after a stony greeting (6)</p> <p>3 Reorganised shire among those likely to succeed (5)</p> <p>4 Invalidate something, although fully in order (7)</p> <p>6 One can never be proud to take it down (6-3)</p> <p>7 To be responsible for deliveries can be an absorbing business (4-4)</p> <p>8 Mounted soldier found in a troop of Centaurs (8)</p> <p>11 Repair the last bit of Motorway? (4)</p> <p>15 A soft army seat (4-5)</p> <p>17 Ring fighter has a nod and makes everything fall flat (8)</p> <p>18 Got the fidgets when drew 50-1 horse in lottery (8)</p> <p>20 Another mean designation (4)</p> <p>21 Book that may be kept for a rainy day (7)</p> <p>22 Head of surgery given an other week to right a pin twisted in joint (6)</p> <p>23 How Neddy communicated with retired Raymond? (8)</p> <p>26 Same confusion involving ten tests (5)</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



## GENERAL ASSISTANCE

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>EMERGENCY PHARMACIES</b></p> <p>Jerusalem: Kupat Holim Cholim, Romema, 523191. Balsam, Salah Eddin, 272315. Shu'afat, Shu'afat Road, 810108. Dar Aldawa, Herod's Gate, 282058.</p> <p>Tel Aviv: Britz, 29 King George, 283731. Kupat Holim Cholim, 7 Amsterdam, 225142. Netanya: Haasani, 36 Weizmann, 23639. Haifa: Yavne, 7 Ibn Sina, 672288.</p> <p><b>DUTY HOSPITALS</b></p> <p>Jerusalem: Bikur Holim (pediatrics, gynecology, ENT, H. Hadashah E.K. (internal, surgery, orthopedics, ophthalmology). Tel Aviv: Rokeh (pediatrics, internal, surgery). Netanya: Laniado (obstetrics, internal, pediatrics, gynecology, surgery).</p> <p><b>FLIGHTS</b></p> <p><b>24-HOURS FLIGHT INFORMATION SERVICE</b><br/>Call 03-972484 (multi-line)<br/><b>ARRIVALS ONLY (TAPED MESSAGE)</b><br/>03-381111 (20 lines)</p> | <p><b>FIRST AID</b></p> <p>Magen David Adom emergency phone numbers (round the clock service).</p> <p>Ashdod 41333<br/>Ashdod 23333<br/>Bat Yam 585555<br/>Beersheva 78333<br/>Carmel 988555<br/>Dan Region 781111<br/>Eilat 72333<br/>Haifa 512233<br/>Hatzor 36333<br/>Holon 603133</p> <p>* Mobile Intensive Care Unit (MICU) service in the area around the clock.<br/>101 Emergency phone number in most areas.<br/>Rape Crisis Centre (24 hours), for help call Tel Aviv, 234819, Jerusalem — 810110, and Haifa 58797.</p> <p>* "Eran" — Mental Health First Aid, Tel. Jerusalem 669911, Tel. Ashdod 253111, Haifa 672222, Beersheva 418111, Netanya 35316.</p> <p>For information on Battered Women Shelters call Family Violence Service — 03-231675/239922 or any of the Rape Crisis Centre or Eran hot lines.</p> <p>Jerusalem Center for Drug Abuse and Misuse Intervention, Tel. 663828, 663902.<br/>14 Bethlehem Rd.</p> <p><b>POLICE</b></p> <p>Dial 100 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona 4444.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**QUICK CROSSWORD**

**ACROSS**

1 Forbidden

4 Open 4-wheel truck

5 Flaccid name

9 Part song

10 Melodies

**DOWN**

1 Mess things up

2 Smelling power

3 Increase by 100%

4 Of timber

5 Spanish painter

6 Trapped

7 Hell

8 Mass change of abode

11 Cooked in oil

12 Instruct

13 Felt the absence of

14 Annually

15 Assured

16 Complete

17 Electric light glass

18 Parrot

## Israeli firm bids to ship imported meat

Jerusalem Post Reporter

HAIFA. — The Mano shipping company has put in a bid to transport frozen meat from Argentina to Israel in Israeli refrigerated ships for the first time since the Maritime Fruit Carriers company went out of business 10 years ago.

A Mano spokesman told *The Jerusalem Post* the company is willing to buy two old 7,000-ton ships, up for sale for about \$1.5 million each, and sail them under the national flag, provided that it gets the contract from the Industry and Trade Ministry, which imports the meat.

The ships would give employment to some 50 Israeli seamen, many of whom are now unemployed.

JAPANESE. — A recently published Japanese-Hebrew dictionary was displayed at the 11th annual conference of the Israeli Linguistics Association held in Netanya last week.

## "I got a Hanukka present this year!"

The Jerusalem Post's 36th Annual Toy Fund provides Hanukka gifts to Israeli children in government institutions and foster homes. Your generosity makes it possible. Please, continue.



**TODAY'S LESSON**

**Safe Drivers Save School Children's Lives!**







# THE JERUSALEM POST

Art Roth  
Editor and  
Managing Director

Erwin Frankel  
Editor

Founded in 1927 by GERSHON AGRON, who was Editor until 1955; Editor 1955-1974  
TED LITMAN, Editor 1974-1975 LEA BEN DOR, EDITORIAL OFFICES AND  
ADMINISTRATION The Jerusalem Post Building, Romema, Jerusalem P.O. Box 81  
(91000) Telephone 528181. TELEX 26121. TEL AVIV 11 Rehov Carbach, P.O. Box 20126  
(61201) Telephone 524222. HAIFA 16 Rehov Norda, Hadar Haemal, P.O. Box 4810  
(31047) Telephone 645444. Published daily, except Saturdays, in Jerusalem, Israel by The  
Jerusalem Post Ltd. Printed by The Jerusalem Post Press in Jerusalem. Registered at the  
G.P.O. Copyright of all material reserved, reproduction permitted only by arrangement.

## The Liberals' choice

PROPOSALS for the break-up of the Likud into its separate Herut and Liberal components have been in the air since the political demise of former Prime Minister Menachem Begin a year ago September.

The Likud, the consolidation between the two parties in 1965 into the original Gahal federation, was very much the personal creation of Begin. But the personal chemistry between the leaders of the two parties, and certainly between their respective rank and file, never worked.

There have been periodic exhortations over the years for "likud halikud", the merger of the half-way house that was the Likud into a fully unified party. But this was largely lip service.

The strange partnership has persisted for 19 years for several reasons: the death or retirement of the Liberals' original leaders, Saphir, Serlin, Rimalt and Abramov, who were disappointed in the failure of Gahal in its first electoral trials and in the primacy of Herut; the confidence of their successor as party leader, the late Simha Ehrlich, in Begin; and the joint pleasure of reaping the rewards of electoral success in the seven years after May 1977.

Ehrlich has passed on and Begin has retired to a self-imposed political limbo. The remaining Liberal Old Guard and a younger generation of party hopefuls today find themselves confronting a Herut that is more hostile than ever before and without the protection of a Begin, for whom adherence to the terms of the old Gahal agreement was a point of honour.

Last week's call by Jewish Agency chairman and Liberal leader Arye Dulzin for the splitting of the Likud should thus have come as no surprise. Not only he but other Liberals were actively considering such a split following Begin's retirement when they were caught by surprise by this year's early elections.

Herut activists and hopefuls were also openly speaking of ridding themselves of the "burden" of the Liberals or at least of cutting them down to size, as a docked tail to a new Herut-dominated Likud. But Herut too was caught by surprise by the unplanned elections and the result was a compromise that cut down the Liberal contingent in the Knesset from 18 to 13.

This Herut attitude, which was only partly stanchied by former prime minister Yitzhak Shamir, constitutes the handwriting on the wall for the Liberals. Some, like Minister of Justice Moshe Nissim, conclude that it would be best for the Liberals to be fully assimilated into Herut.

Others, however, find this a hard pill to swallow. But the problem for them is that when they contemplate the singles political scene outside the loveless Likud marriage, it seems to be uninviting.

Ezer Weizman's experience in garnering only three Knesset seats in the last elections, despite his personal charisma and a large outlay of cash in campaign expenses, gives them pause. Yet they can also speculate that together with him they could find a new momentum.

Mr. Dulzin is urging an early split up. This may be too fast a pace for others in the party. Yet even for those who counsel caution, the question may very well be only the matter of proper timing.

The real issue for the Liberals is whether they want to remain an independent party. Inside the Likud that is no longer a viable option. Mr. Dulzin has drawn the only logical conclusion deriving from the will to have the party survive.

THE ANNUAL meeting of the International Monetary Fund and the World Bank in Washington dealt with a number of urgent current problems, focusing on international debt. There was a sense of optimism, but the decisive international economic problem and the deepest cause of international disorder was hardly mentioned. It is that while the world economy is global in nature, decisions affecting it are taken on the basis of national domestic politics.

In the 19th century, when industrialization first developed, the rules of the game were set by a very few countries that held similar philosophies and were run by restricted suffrage. Governments acted on the premise that the economic sphere was beyond their power or even competence. The accumulation of capital was left to the operation of the market. The gold standard, to which all major trading nations subscribed, provided the mechanism of adjustment. All this had the advantage of automaticity. Politicians could either accept the gold standard or reject it. But once that decision was made, they were forced to conform spending, taxing, and monetary policies to its discipline.

None of those conditions exists today. Japan has long since joined the major economic powers. China, Brazil, India, Korea, Mexico and Indonesia, to name just a few, insist on participation in reshaping the rules that affect their economic destinies, and hence their political destinies.

Suffrage in most economically important countries has become universal. Voting publics everywhere insist that governments assume responsibility to alleviate suffering and to improve the quality of life.

For this reason, office holders today, unlike their 19th century counterparts, demand control over the economic policy levers directly in order to achieve immediate political goals. There is a premium on short-term approaches. Leaders are tempted to defer action until it is unavoidable, and to shift their economic problems to other countries for as long as possible.

For the first time, the world economy has become truly international. At the same time, tax, spending, social employment, industrial and trade policies are insulated behind national borders even when these decisions have global consequences.

IN THESE circumstances the international economic system operates—

if at all—as crisis management.

The risk is, of course, that sooner or later some crisis will overwhelm the feeble national efforts to manage it. The world will then face a disaster its lack of foresight will have made inevitable.

The area of international trade illustrates these observations.

The professed objective of all trading nations is to remove political obstacles to trade, such as tariffs, subsidies and other predatory practices, because in theory free trade benefits everybody. In fact many nations pay lip service to free trade, but in practice systematically impede it. Clearly, important political realities are at work.

The free trade theory was developed when Britain had an effective monopoly on industrialization and a large advantage in the generation of energy based on coal. There is no doubt that free trade benefits a country that enjoys such a comparative advantage. This state of affairs continued for a while after other European states industrialized. Cultural homogeneity prevented any country from achieving a unilateral advantage, and colonial empires cushioned the shock of competition.

In our period, there are over 20 major trading nations. Their wage scales and cultural background are dissimilar. Some nations—especially in Europe—are unable to compete with substantially lower standards of living, at least in industries that use a great deal of labour. Thus, whole sectors of industry move from one country to another, indeed from one continent to another.

The management of the debt crisis also poses threats to free trade. A key provision of every IMF adjustment programme requires the debtor country to limit imports and to encourage exports. This evokes the very protectionist practices free trade theory deprecates. Moreover, it is by definition impossible for every

nation to pursue such a strategy. The limitation of imports must be at somebody's expense, especially if coupled with the systematic promotion of exports. And to the extent the strategy works, and the debts are paid by export earnings, developing nations wind up transferring real resources to the industrialized ones, the precise opposite of what is needed for global development.

Two results are probable: either the structure will collapse, because there is simply not enough demand for the level of exports required by the developing world, or these export surpluses will be sustained on a temporary basis by extremely unfavourable trade balances in a very few countries, especially by the U.S. The U.S. trade deficit is officially forecast to exceed \$120 billion this year—a level unimaginable until very recently. Such a situation, sooner or later drive the U.S. government to take protectionist steps. In short, protectionism, trade restraint and unfair policies are on the march everywhere.

A PARADOX follows from these considerations: for free trade to work, governments committed to it must to a degree retreat from complete laissez-faire. Just as the U.S. economy adopted measures to promote and regulate competition, such as antitrust and banking regulations, so international rules are needed to avoid monopolies, restrict dumping, inhibit export subsidies, eliminate predatory practices and prevent excessive uncertainties. Otherwise, the system will eventually collapse into trade wars and be overwhelmed by the political process.

To state these principles is to illustrate how far theory and practice diverge. In such circumstances one or the other must give way.

The two opposite poles of international conduct are demonstrated by

the two largest economic powers, the U.S. and Japan.

The U.S. remains formally committed to free trade, but lacks a coherent strategy to deal with protectionist and mercantilist measures of other nations. Hence, in practice American trade policy is a series of disconnected ad hoc decisions taken largely in response to the specific complaints of politically powerful interests most directly affected. These are by definition usually the least competitive sectors. So long as the impetus behind policy is the desire to reduce the pain, the result can only by accident be the promotion of the common good of either the U.S. or of the world economy as a whole.

Japan has chosen the opposite course. It makes little pretence that its foreign economic policy is guided by the free play of market forces. Instead, the Japanese economy is geared to administer the trade system to the national advantage. Government ministries help establish industrial priorities, negotiate favourable terms for Japanese exports and manipulate the exchange rate for the yen to favour Japanese exports. Japan is widely criticized for acting counter to existing economic theory. In fact, it is possible to argue that it is simply playing the *de facto* game more systematically and with greater coherence than anyone else.

It follows that the U.S. and the world, have two fundamental options. My strong preference would be for a system of liberal trade firmly based on far-reaching national commitments to stop unfair practices and to maintain markets. This would require a major act of American leadership. In 1944, the U.S. threw its weight behind building international institutions that promoted growth for a generation. The spirit that produced the Bretton Woods agreements reflected the realization that in the long run the national

welfare can only be sought in the general welfare.

THIS MEANS that new and binding international rules need to be established to encourage foreign investment and to define codes of conduct for multinational corporations. These rules should apply as well to international trade in services and perhaps even immigration. Something like the International Trade Organization, which was proposed by Bretton Woods but proved still-born, should be revived. It should be given authority to act against restraints on trade and investment as well as predatory trade practices. The newly industrialized nations, like Brazil or Mexico, should be drawn into more active participation.

Such a policy should be pursued with conviction but also without illusion. For, despite the best efforts of statesmen, the attempt may fail. In that case, the U.S. cannot afford to be the only country practicing free trade in an increasingly mercantilist world. If the U.S. is driven to it, the U.S. can, however reluctantly, do well at the game of unilateral trade practices and bilateral agreements. In a world of trading blocs, the U.S. should be able to construct a trading bloc composed of the major Latin American nations, Canada, and probably Australia and New Zealand. Preparation for this partnership should influence American trade and debt policy, especially toward the nations of the Western hemisphere. At some point, the sheer weight of the U.S. managing in cooperation with like-minded countries—its foreign trade interests with determination and vision will probably convince the rest of the world—to put it politely—of the need for more coordinated trade and economic policies. The U.S. would then have achieved a more coherent world trading system by the back door.

Most of the American public still views the U.S. as being relatively unaffected by international economic developments. The U.S. must recognize the urgent need for a deliberate strategy. Otherwise chronic international instability will, in time, undermine U.S. prosperity. Dramatic U.S. leadership is required to promote a world of free trade, but if this proves unattainable, then to organize itself for the world of trading blocs.

© 1984 Los Angeles Times syndicate

# Protectionism or free trade?

By HENRY A. KISSINGER

## READERS' LETTERS

To the Editor of the Jerusalem Post

Sir, — Almost a year ago, word reached me through an acquaintance in Israel that your correspondent Hirsch Goodman, along with Ha'aretz military affairs writer Zeev Schiff, was preparing an article about the USS Liberty which, they claimed, would "thoroughly discredit Jim Ennes and everyone else who has ever written about the 1967 attack on the USS Liberty."

I was officer-of-the-deck of the USS Liberty and my book, *Assault on the Liberty* (Random House, 1980) is generally considered the authoritative work on the subject. I remain confident of my conclusions that the attack was deliberate and that both governments have lied about it. Consequently, I have looked forward with some glee to the long-awaited Schiff/Goodman treatise on the subject.

Now the Schiff/Goodman article has hit the streets. And frankly I am thunderstruck. Never in my wildest dreams did I suspect that two of the biggest guns in Israeli journalism could produce such slovenly, poorly researched, and just plain wrong text. Nor did I suspect that my task of refuting it would be so easy.

The "new evidence" cited by Schiff/Goodman (the Yerushalmi report) has been available for years

despite its "top secret" classification. It is not new at all. I mention it in my book (pages 153-158) and show why it cannot be believed. For years I have distributed copies of the Yerushalmi report to the press and public because, seen as a whole, it is clearly false. Not only is it contrary to my personal observations from Liberty's bridge, but it is contrary to sworn testimony of Liberty crewmen and contrary to other official records of the United States Government.

Moreover, the Yerushalmi report was officially dismissed as unbelievable in 1967 by the Lyndon Johnson State Department. In an analysis that was available to your authors, Dean Rusk and other American leaders have repeatedly dismissed the Yerushalmi report as unbelievable. Surely Schiff and Goodman are aware of this. Your readers are entitled to know this. Why did Schiff and Goodman fail to tell them that their "new evidence" has long been dismissed by the United States as hogwash?

Did Schiff and Goodman interview anyone who was aboard the ship? Had they done so they would know that the attacking aircraft did not make three careful, low-level, pre-attack orbits seeking to identify

## THE ATTACK ON THE USS LIBERTY

the ship and attack only after seeing "no flag or other signs of identification." In fact, Israeli attacked a clearly marked American naval vessel and continued to attack long after examining the American flag at close range.

Did they interview the signalman who supposedly signalled "Identify yourself first," or the admiral who investigated that part of the excuse in 1967? The truth, easily verified and documented in U.S. government files, is that no one signalled "Identify yourself first." Liberty's signalman Russell David frantically flashed "U.S. NAVY SHIP, USS LIBERTY" and the ship's international call sign until his signal light was shot out by the attacking boats.

Did Schiff/Goodman reconstruct the scene by plotting it on a chart of the area? Had they done so they would know that the torpedo boats could not possibly have picked up the Liberty at 1:41 and made the plotting errors that Israel claims led to the attack. At 1:41, the boats were still far beyond radar range. The boats, then, could not possibly have called in the aircraft as claimed by the Israeli government in an excuse which blames the attack on the Israeli Navy. The attack was planned

and executed in the Israeli war room. It was not a blunder by the Israeli Navy.

Did Schiff/Goodman interview any member of the Defence Subcommittee of the House Committee on Appropriations which investigated the attack in 1967? Had they done so, they would know that the Israeli decision to attack was made the day before the ship arrived. The United States Government learned of it almost immediately and tried to move the ship to safety, but blundered. Politics made this bitter truth too hot for public knowledge.

Schiff and Goodman fail to get even peripheral information straight. France did not withdraw support before the Six Day War; France withdrew support during the war because they concluded that the war was initiated by Israel. Israel has not "remained silent" about the attack since 1967; I have in my possession a series of official Israeli government excuses for the attack, plus innumerable Israeli consulate statements, plus several biographical statements by Israeli officials, and finally an "official Israeli version" dispatched to the American Chief of Naval Operations in 1982. Silent indeed! And Schiff/Goodman are

even wrong when they tell us that Israel has never paid for the loss of the ship. In 1980, to quash a pending Senate investigation, Israel finally agreed to pay \$6,000,000. The last payment was received in the U.S. Treasury in February, 1983. There are some crackjack reports.

Authors Schiff and Goodman are cited in the American press as "authoritative military affairs correspondents." But in this case, they have departed from the practice of journalism and have stooped to the dissemination of propaganda. And a mighty sloppy job of it they did. The fact is, an abundance of readily available evidence shows that the Israeli attack on the USS Liberty was deliberate, and that the Israeli version of the circumstances of the attack is simply self-serving baloney.

The Schiff/Goodman article is provably wrong. The Jerusalem Post, by distributing that material, unchecked, with its own esteemed hallmark, has sullied a tradition of journalistic excellence.

To pretend that the Schiff/Goodman polemic is the last word on this subject is ludicrous. The Schiff/Goodman report is propaganda.

JAMES M. ENNES, JR.  
Woodville, Washington.

signalled is not of concern to us here. What is relevant here is the sworn testimony of the captain of the Israeli torpedo boat, and those around him, on what they read: "AAA"—identify yourself first.

We also contest Ennes' claim to interviews with any of the principals on the Israeli side, and challenge him to name those he claims to have interviewed.

We apologize for the error regarding the final compensation settlement by Israel; perhaps had we benefited from official help in Israel in researching this article, the error would not have occurred.

This error, however, does not change the main thesis in our work: the attack was not deliberate, but the result of a chain of errors—errors that may be horrendous in their stupidity, but errors that are inherent in war.

## Dry Bones



## POSTSCRIPTS

**PS** THE SOVIET authorities have given the thumbs down to jogging in Moscow streets and ordered western embassies to stop their staff taking part in "fun runs."

A note to embassies from the Soviet Foreign Ministry said it "had become known" that dozens of foreigners were taking part in runs together through city streets, often in the rush hour.

Such activities could cause injury and "interfere with the normal life of the city." They should only be carried out in parks and in official sporting facilities, the note said.

This referred mainly to a regular Monday evening "fun run" that has become something of a tradition for resident western diplomats, businessmen and journalists, the sources said.

**PS** LONDON'S National Gallery has been barred from erecting a modernistic extension to the building after a barrage of public objections to the prize-winning design.

The government rejected a design for a huge glass extension which beat 78 other entries in a competition run by the gallery's trustees, saying it was "altogether inappropriate."

Prince Charles described the projected addition as a "monstrous caricature on the face of a much-loved friend."

The extension, with a tower topped by aluminum flagpoles, would have added 17 new galleries to the original 1838 building, which faces onto Trafalgar Square.

It looked like a "vast municipal fire station with the sort of tower that contains the siren," Charles said.

Hirsch Goodman and Zeev Schiff reply: In his letter to the editor, James M. Ennes has stated his own version of history. He has also chosen to attack us personally.

The format of this reply makes it difficult to respond to every specific point raised. We will deal with the central issues raised, but first we will restate that what we have done, for the first time, is provide an insight into what actually happened on the Israeli side during the 1967 attack on the USS Liberty.

Ennes, without ever having spoken to either of us, assumes he knows our sources. He ridicules us for relying solely on the declassified Yerushalmi report. We have in our possession: the verbatim transcripts of the dialogue between the Israeli naval war-room and the attacking vessels; the verbatim dialogue between Israeli Air Force H.Q. and the pilots; classified documents from three commissions of inquiry into the affair; the Yerushalmi report; the testimony of all the major participants to the various commissions of inquiry; transcripts of our own interviews with the Israeli principals; photocopies and manuscripts of almost everything that has ever been written on the subject; and detailed charts.

Most of the above material was collected individually by us, without official help, while we were researching books we wrote separately on

the history of the Israeli Air Force and the Navy. (*The IDF and its forces: an encyclopedia of the army and the defence establishment*, Vols. Three and Ten, Revivim Publishing, Tel Aviv, 1983.)

We decided, in our article, not to present the attack in its entirety, for that has been done; but to concentrate only on one aspect of the mystery—what actually happened in Israel.

The picture we paint is not complimentary to Israel; in fact, we were told by many in Israel that we did the country a disservice for having written on the subject at all. How then does Ennes conclude that we are guilty of propaganda?

Are we guilty of propaganda because we refuse to accept his version of history as the whole and only truth?

The Liberty was not attacked with malice aforethought. That is a myth that Ennes has chosen to perpetuate.

And if one should doubt that a deep anti-Israel motivation is behind much of what Ennes has written and said on the Liberty to date, we would like to refer to a speech made by Mr. Ennes at the New York Athletic Club in June 1983, at a meeting organized by America First Inc.—an organization the Anti-Defamation League of B'nai B'rith has termed "a platform for the anti-Israel views of founder chairman Matthew Peter Belic" (ADL memorandum, June

12, 1984). There, on a platform with anti-Israel propagandist Alfred Libenthal and M.T. Mehdi of the American-Arab League, Mr. Ennes left no doubt as to his sentiments.

Ennes, as far back as June 1981, was never complaining of a Jewish conspiracy against him. In an article in Libenthal's *Middle East Perspective* (Vol. XIV No.3), Ennes claims that the conspiracy, all orchestrated by the omnipresent hand of the Israeli Embassy, the Israeli lobby and the American Jewish community, ran from journalist Jack Anderson who "could find no room in 1980 for stories unflattering to Israel," to the "East Coast book burning faction."

We have chosen to respond to the charges made against us in this manner because it is time that the cloak of historical respectability and investigative objectivity was lifted from

Ennes. We never contested his eyewitness version of events; we never claimed there was no flag; we never denied that Israel was guilty of serious mistakes, and we never claimed to have written the final version of history. We claim to have added a new perspective, one never revealed before, and one that must surely interest any bona fide pursuer of history.

Now to the details: Ennes is wrong regarding the French embargo on Israel. President De Gaulle informed Abba Eban, on June 3, 1967, three days before the outbreak of the Six Day War, that the embargo was in force, apparently in an attempt to discourage an Israeli pre-emptive attack. As mentioned, we do have detailed charts of the attack, and stand by that the Liberty was picked up by Israeli radar at 1:41. What Ennes claims the signalman

## THE HARVARD-RADCLIFFE CLUB OF ISRAEL

invites all

Harvard and Radcliffe students and alumni to a meeting on Saturday, October 27, 1984 - 8.30 p.m. at Hebrew Union College, 13 King David St., Jerusalem

Dr. Nitzah Rosensky, Curator of the Harvard Semitic Museum will make a presentation.

"THE SEMITIC MUSEUM TODAY."

Reception and Refreshments

RSVP: 02-246195 - daytime, 02-810169 evenings, (not Shabbat).

ADCS-10-724

## RENT-A-CAR

FROM \$6 PER DAY

All cars new Pick up and delivery free TAMIR, Rent-A-Car 8 Kikar Etzanna'ut, Netanya.

Tel. 053-31831 (day) 053-25763 (night)

# Daniel Pianos

DANIEL-PIANOS CREATED WITH LOVE

The Daniel piano is manufactured at Kfar Daniel, by skilled and devoted craftsmen. These craftsmen were trained by the leading English piano manufacturers, and they produce a fine upright piano in European tradition.

DANIEL PIANOS Kfar Daniel D.N. Hamerkaz 73125 Israel Tel. 08-2244183